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tion, adequate heating facilities and a cooling system.

"The landowner who sits down with his employee to discuss building a modern house often backs away when he realizes the size of the investment and the discouragingly slow rate of depreciation," Fitzhugh wrote.

He suggested that part of the problem might be solved by giving the landowner an opportunity to depreciate the building in a relatively short time. The fast writeoff has been used repeatedly to stimulate capital investment in industry and Fitzhugh thinks the same approach could be used in agriculture. He said the accelerated depreciation should be allowed only if the house was used for employees or tenants and the rate should not be permitted for structures built for the farmer's immediate family.

SAYS PLANS NEEDED

The other suggestion called for the Government, through some of its appropriate agencies, to offer plans and specifications for adequate housing of this type. He mentioned concrete masonry (blocks) as a possible building material that might meet the needs of landowners and tenants but he noted that few farmers knew how to use this building method effectively.

Fitzhugh and many other farmers know that the shotgun house no longer is acceptable shelter. The reasons are economic as well as humanitarian and the solution must be found.

FARMER AND HIS HOME

While the industry-tested trick of the fast writeoff, coupled with good planning and engineering, may help solve the housing problem of the east Arkansas tenant or farmworker, it will do nothing for the man who operates his own farm and is unable to find a lender who will finance his new house. Neither will it help the man who has a job in town (because his little farm no longer will produce a living) but lives in the country.

Here, then, are three tools that could help provide rural housing: Fitzhugh's faster writeoff, the extension of FHA authority so that loans on rural property can qualify for insurance, and an adequate supply of funds for direct loans by the Farmers Home Administration.

The Nation has the raw materials and potential borrowers have demonstrated ability and willingness to repay the loans. The whole economy would benefit from a fuller use of our resources.

PROPOSALS BY MILLS SEEK TO BROADEN WATERSHED PROGRAM

(By Leland DuVall)

The tendency to waste natural resources—minerals, soil, water and timber are examples—is inherent in a free economic system where supplies seem to exceed all possible demand. The United States went through this evolutionary phase in the early years of its history but the 20th century brought a realization that the Nation, with all of its assets, could not continue to destroy its inherent bounty and still feed the growing population.

The first Roosevelt was an evangelist of conservation but the situation had to grow worse before the country would accept the kind of reforms that would change the direction. By the time Franklin D. Roosevelt became President, the myth of superabundance had disappeared and virtually everyone who had studied the inventory of natural resources knew that the stocks had been depleted to a dangerous level.

Conservation, once regarded as a violation of the free enterprise system, became a word that could be used in the best circles. The petroleum industry, stimulated by the threat that the Federal Government might insist that it halt the waste that resulted from uncontrolled pumping, put together its Interstate Oil Compact Commission. In the name of conservation, the Commission worked out a program under which companies in the major producing States pumped only the amount of petroleum that would find a market. Lumber companies formerly solved their supply problem by moving their mills when the timber was cut out. When they saw the other side of the woods they realized that future supplies could be obtained only by growing the trees they would need. Forest conservation became an important phase of the business—with the Federal Government providing major assistance.

Despite the fact that no shortages of agricultural commodities actually developed, soil and water conservation programs were established as part of a plan to assure a continuing supply of food an fiber. The work moved slowly at first because farmers had acquired a well-established habit of land waste. In the early years of the Nation, a man could homestead and clear a new farm at less expense than would be required to save the old land.

The small watershed program, as authorized by Public Law 566, has become one of the more popular approaches to soil and water conservation. It provides for complete conservation on a stipulated area (watershed) through the combined efforts of local, State, and Federal organizations and agencies. In a report on the status of watershed applications in Arkansas, the Soil Conservation Service has released this scorecard: Applications have been received for 69 projects; 35 of them have been authorized for planning; 22 have been authorized for operations, and construction has been completed on 5.

Perhaps the key to the success of the small watershed program has been the fact that individual projects are started at the local level. Appropriate State agencies and the Soil Conservation Service provide their assistance on invitation.

Here, as in other developing programs, the needs change constantly. Despite its success, the small watershed program needs to be altered from time to time if it is to serve its purpose.

Representative WILBUR D. MILLS, Democrat, of Arkansas, outlined some of the needed legislative changes at a recent meeting of the east central area of the Arkansas Association of Soil and Water Conservation Districts. Some of his suggestions have been written into proposed legislation that is in various degrees of progress. MILLS listed these needs:

Authority for the Federal Government to administer watershed construction contracts, if requested by local sponsoring organizations to do so.

Authority at the State level to provide assistance to local organizations in obtaining land, easements and rights-of-way for watershed projects.

An amendment to Public Law 566 that would permit the use of funds authorized for community improvement to acquire land rights in the watershed program.

Federal appropriations for watershed planning should be increased.

Installation of land treatment measures should be speeded.

Under the present arrangement, construction contracts on small watershed projects must be administered at the local level and only the sponsoring organization (usually a district formed for the purpose) can sign the pact. MILLS explained that, in many cases, these districts lacked experience in negotiating contracts and had no permanent staff that could do the job. His proposal would leave the authority at the local level if the sponsors preferred this arrangement but the Government agency would have authority to make the contract if the sponsors asked for assistance.

The law, as it now stands, prohibits the use of funds appropriated under Public Law 566 for obtaining land, easements, or rights-of-way. MILLS agreed that there was nothing wrong with the arrangement but he said it might be possible to use other Federal funds for this purpose. Several programs offer Federal funds for community improvement projects such as water systems. Sometimes the best source of water is a reservoir created as part of a small watershed program. According to MILLS, the community should be authorized to use some of this Federal money to help obtain land needed for the watershed work.

The popularity of the watershed program has created a need for additional funds to be used in the planning stages but the Budget Bureau has succeeded in holding down the appropriation. MILLS believes it should be increased.

MILLS also believes the maximum size of an impoundment should be increased from the present 5,000-acre feet to 12,500-acre feet. The House approved an amendment that would have provided for the increase but the Senate failed to go along with the proposal.

These proposed changes would broaden the scope of the small watershed program and make a major contribution to conservation in the United States. One other suggested change is essential.

If a watershed project is to serve its primary purpose (conservation of soil and water resources) land in the drainage areas must be managed wisely. Local organizations are required to carry out conservation treatment on at least half the land in the drainage areas but this part of the program is hampered by a lack of long-term planning. The Great Plains conservation program, where cost-share contracts are based on complete farm conservation plans, could serve as a model for agreements with owners of land in the drainage areas. The plan apparently is working well and could be extended to cover the small watersheds.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which the clerk will state.

The LEGISLATIVE CLERK. A bill (H.R. 11380) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The Senate resumed the consideration of the bill (H.R. 11380).

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

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

Under the order of yesterday, the Senator from Michigan [Mr. MCNAMARA] is entitled to the floor.

Mr. SPARKMAN. Mr. President, will the Senator from Michigan yield to me for a few minutes without his losing the floor? I make that request.

Mr. MCNAMARA. I yield for that purpose.

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

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SMALL BUSINESS CAPITAL BANK

Mr. SPARKMAN. Mr. President, I am today introducing for appropriate reference a bill which would authorize the establishment of a Small Business Capital Bank.

This new financial institution is designed to buttress the small business investment company program and to make available for independent businesses vitally needed equity capital and long-term credit.

I think all of us have followed closely the operations of the SBIC program in the 6 years since we established it by legislation in August 1958. Most of us feel that this new industry has made some significant progress during this period; on the other hand, we are aware that the 700 SBIC's currently in operation have not come close to filling the real needs for these funds on the part of qualified small business firms.

When we passed the Small Business Investment Act of 1958, we recognized that it would be a pioneering venture and that changes would have to be made in the structure of the program. Throughout these intervening years, we have made a number of amendments to the basic act and to the various provisions of the Internal Revenue Code touching upon SBIC's.

The bill which I am introducing today is a further step to strengthen the program and to help SBIC's render greater financial support to worthy business firms.

Briefly stated, I propose the establishment of a Small Business Capital Bank which would raise funds through the sale of debenture bonds to the public and would channel these resources to SBIS's. Thus, the Capital Bank would be a secondary source of funds for SBIC's and would increase the resources they have available for lending to and investing in small businesses.

I believe that this proposal follows sound precedents set in other areas where the Federal Government has found a strong public interest involved. For example, the Bank for Cooperatives has been effective for over 30 years in directing private dollars into farm cooperative associations. Similarly, the Federal National Mortgage Association has been a mechanism for providing secondary markets for mortgages insured under FHA or VA programs. As a matter of fact, the recently passed 1964 Housing Act specifically brings Fanny Mae closer to the Capital Bank concept by giving authority to the Association to pool all its mortgages and sell general securities based upon the collateral of these mortgages.

Therefore, there are sound precedents for the action I am proposing in this legislation.

I also think that the establishment of a Small Business Capital Bank is wise Federal policy in that it would reduce the the dependence of the SBIC program upon Federal funds and curtail direct dealings with the Federal Government. Just as the SBIC program itself has set up privately organized, privately managed, and largely privately financed SBIC's to assist small business firms—rather than authorizing direct Federal dealings with those companies—so the Small Business Capital Bank would substitute largely nongovernmental funds for many of the present transactions between SBIC's and the Small Business Administration.

As I will explain later, there will be no need for further expenditures to establish the new Small Business Capital Bank. Furthermore, a section in my bill specifically calls for an end to Government loans to SBIC's 5 years after the new secondary source of funds is authorized by the passage of this legislation.

Initial capitalization of the Capital Bank would come from the sale of $50 million of preferred stock to the Secretary of the Treasury. The Treasury will draw these funds from the revolving fund in the Small Business Administration already approved for the use of the SBIC program. Common stock in the Bank will be sold to SBIC's which will be required to purchase such stock with a portion of the funds they receive from the Bank. The preferred stock will gradually be retired and, as has been the case with the Federal Reserve System and the Bank for Cooperatives, Federal funds will be repaid from the earnings of the Capital Bank.

Although I have named only two governmental agencies, several others which have followed a somewhat similar pattern come to mind and could be named.

The Bank would be authorized to raise additional funds through the sale of debenture bonds to the public.

The new Bank would be directed by a nine-man Board of Governors named by the President, with the Secretary of the Treasury, the Small Business Administrator, and the Deputy Administrator for Investment of the SBA as three of the members.

The nominations of members would be subject to confirmation by the Senate.

The Bank will set standards of eligibility for SBIC's requesting Bank funds. When an SBIC meets these standards, the Bank may either purchase stock in that SBIC or make a loan to it. Thus, the resources of the Small Business Capital Bank will augment those of the SBIC and allow the licensee to provide greater financial assistance to the small business community.

As I visualize the ideal situation, this Small Business Capital Bank will eventually stand on its own feet without any financial backing from the Federal Government. Through its capital structure and from borrowings from the public and from institutional lenders, it will make available to SBIC's large amounts of funds for investing in worthy small business concerns. This could remove, completely or in large part, the call SBIC's may presently make upon the Federal Government through borrowing from the Small Business Administration.

My preliminary study of this proposal leads me to believe that such large institutional lenders as insurance companies and pension trusts, will be much more likely to purchase debenture bonds from this capital bank than they would to provide funds to any one particular SBIC. The principle of safety through diversification provided by the Bank and the economies possible through a single transaction with one borrower make this a logical conclusion.

Let me say at this point that I am not wedded to the particulars of this legislative proposal. I submit it now so that it may be studied and improved upon during the coming months.

In closing, let me summarize the reasoning behind this bill:

First. The SBIC program has demonstrated beyond doubt that worthy and well-qualified small businesses do need equity capital and long-term capital. The present resources of the program fall far short of the demonstrable need.

Second. SBIC's have shown themselves to be effective instruments for providing these funds. As all of us expected, some SBIC's have done very well; others have not. Some have been conservative; others liberal in their investment policies. Some have specialized in certain industries or situations; others have not. Taken overall, however, many SBIC's have shown imagination and the ability to prosper.

Third. The most basic problem facing the industry today is the problem of obtaining sufficient resources. To make a decent return on their capital, SBIC's, like all financial institutions, must have enough funds to carry their costs and allow a profit.

Fourth. The establishment of a Capital Bank is the best way I know to provide additional resources to SBIC's. An alternative, which I find far less palatable, would be to increase SBA's ability to lend directly to SBIC's.

For these reasons, I recommend to the attention of my colleagues in the Congress, interested officials in the executive branch, and the business and financial community this proposal for the establishment of a Small Business Capital Bank.

I have discussed it with members of the industry and with the NASBC, which is the trade association dealing with small business investment companies. I have given some thought to it, so I realize that there are details and particulars that may be varied. I realize that at this late point of this session of Congress, there will not be time to get action on the bill this year. I am not introducing it for that purpose. I am introducing it now so that it may be studied and discussed preparatory, possibly, to holding hearings and taking action during the next Congress.

Mr. PROXMIRE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I am glad to yield to the Senator from Wisconsin, who is, as everyone knows, chairman of the Subcommittee on Small Business Legislation of the Committee on Banking and Currency.

Mr. PROXMIRE. This could be a significant day for small business. The Senator from Alabama is introducing an extremely important measure. Can he indicate how big a capital bank he has in mind? How much, in terms of debentures, would the authorization permit for sale to the public?

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Mr. SPARKMAN. That is not spelled out; at least, I do not have the amount in my notes. If the Senator will permit, I shall be glad to see if a limitation is provided.

The involvement of the Government would be $50 million. The Senator understood me to say that. It would simply be a substitute.

Mr. PROXMIRE. That would be held by the Treasury?

Mr. SPARKMAN. Yes; and it would be a substitute for the $50 million revolving fund that is in the Small Business Administration now for SBIC's.

Mr. PROXMIRE. In addition, the debentures that would be sold to the public might be on the order of $1 billion or $500 million? At any rate, the amount would be far larger than the Government contribution.

Mr. SPARKMAN. It would have to be in order to provide ready capital.

Mr. PROXMIRE. Would the debentures be guaranteed by the Government?

Mr. SPARKMAN. I do not believe there is any guarantee provision in the bill.

Mr. PROXMIRE. At the present time.

Mr. SPARKMAN. Yes. The purpose of the proposal is to organize the bank along the lines that other Government agencies have been organized, in which debentures are made available or are purchased. As I stated, a part of the money obtained would have to be used—I am getting back to the capital stock—for the purpose of drawing in capital funds. The purpose of the debentures would be to draw in capital funds that could be used. They would be for sale to private investors. For the moment, I am sorry I have not inquired into this question more thoroughly. I do not see a reference to limitations on debentures, but I should think there would be a limitation.

Mr. PROXMIRE. As I understand, what would happen would be that the Small Business Investment Company would go to the capital bank to borrow. It would be in a position to borrow a substantial amount, so that it could have investment leverage that would give it an incentive to function. One of the disappointments of the SBIC program—although the program has been a good one—is that those who now operate SBIC's say they cannot get leverage—the borrowed capital; that when they make a 7-percent or an 8-percent loan, there is not sufficient incentive or sufficient margin for them to cover their costs.

Mr. SPARKMAN. That is correct.

Mr. PROXMIRE. All the financial institutions of this country that have been successful have functioned on the basic principle of leverage, of borrowing capital, paying 5 or 6 percent, and then investing the money at 7, 8, or even 10 percent, thus securing a profit, an incentive, and a basis for operations. Is not that correct?

Mr. SPARKMAN. That is correct.

I wish to correct a statement I made a moment ago. The amount of the debentures would be $1 billion. I knew the amount was in that neighborhood, but I did not recall whether it was $1 billion or $1,500 million. One billion dollars would be authorized.

This is the correction I wish to make: The debentures or bonds of the bank, when duly authorized and issued by the Board, shall constitute obligations guaranteed as to principal and interest by the United States.

Mr. PROXMIRE. They will be guaranteed?

Mr. SPARKMAN. That is correct.

Mr. PROXMIRE. There will be a Government guarantee?

Mr. SPARKMAN. Yes.

Mr. PROXMIRE. Is there any limitation on the amount that any SBIC could borrow in relationship to its capital and surplus? This is a good principle. There should be leverage. But I wonder if there is a limitation, such as there is upon banks—a limitation of 8 to 1 or 10 to 1 or 5 to 1.

Mr. SPARKMAN. I am quite certain that before a bill was reported, such a provision would be included. I am not sure whether it is spelled out in this bill. The bill represents almost entirely the handiwork of representatives of the industry itself. I have discussed it with them. I understand that they have discussed it to some extent with the Senator from Wisconsin, too.

Mr. PROXMIRE. Yes, indeed.

Mr. SPARKMAN. I am not so familiar with the measure as I would be if I had drawn it myself. I am introducing it for the purpose of study, and I am sorry I cannot give the Senator from Wisconsin the details that he seeks.

Mr. PROXMIRE. One more question. The usefulness of introducing the bill now is that it will enable the agencies concerned to provide reports between the sessions of Congress. One of the most serious criticisms of the SBIC program has been that small businesses—and I underline the word "small"—businesses that most people visualize as small—have received relativey little benefit from the program. In my judgment, one of the finest things that SBIC has done recently is to inaugurate a pilot program in cities like Philadelphia, a program that permits modest loans, with little or no collateral, based on a repayment record.

I am wondering if any consideration has been given as to how the SBIC program can be designed so that genuine small businesses will have an opportunity that they do not now have to take part in the program, and to get the capital they need for growth. I realize that it is difficult to plan such a program. At the same time, this is a massive extension of Government in behalf of SBIC. After all, a $1 billion guarantee is a substantial assignment, in view of the fact that the basic legislation, as the Senator from Alabama knows so well, provided for the termination of Government participation after a few years. Now we are apparently shifting to more Government assistance on the basis of a Government guarantee to the extent of $1 billion to get the SBIC program moving. That is a vast amount of money. I am wondering if a part of the program could be designed to help small businesses that need additional capital to obtain capital without great difficulty under the SBIC program.

Mr. SPARKMAN. I am in sympathy with the point the Senator from Wisconsin makes. I have recognized it as one of the weaknesses of the present system.

The point the Senator is speaking about—the requirement, let us say, that these small businesses be taken care of—is a matter to be controlled by regulation.

There is another point that I should certainly stress in any proposed legislation such as this—which will be, of course, subject to Federal regulation—I would insist that the regulations be such as to cover the board. It would be much easier for the individual SBIC to do this, because there would be more elasticity in the amount of funds which might be available.

The trouble now is that there is a limitation of funds which can be spent. So long as that limitation applies, they have to spread their loans out in such a way as to make a reasonable profit. That means that the little business, the small, small business, upon which there might actually be a net loss, often would go without its loan.

I recall the days of the Reconstruction Finance Corporation, the agency which made loans not only to small businesses, but also to businesses across the board. A great many people used to complain that they made too many large loans—large loans to railroad companies, and to industries of that kind. The defense of the RFC representatives was, as I remember it—when they came before our committee back in the days when the RFC was functioning—that the RFC made a great many very small loans. They brought out the point that they could not possibly make any profit on those very small loans, that they could not even afford to carry such loans, if they had not been able to carry the large loans.

The trouble with the SBIC so far has been that it has not had sufficient funds available to make the spread such as RFC used to do. I should think that a central bank arrangement would give them more nearly adequate funds.

Mr. PROXMIRE. What I have in mind, as the Senator from Alabama will recall, is that when the head of the biggest SBIC in the country, with assets of between $20 and $30 million, came before the Banking and Currency Committee last year, I asked him, if we removed the limitation of $500,000 on the size of investments by the SBIC, whether he would still make the more modest investments.

Mr. SPARKMAN. I recall that.

Mr. PROXMIRE. He stated that if Congress removed the $500,000 limitation on investments, every single loan they made would exceed $500,000 and almost all of them would exceed $1 million.

Mr. SPARKMAN. Yes.

Mr. PROXMIRE. That is understandable. It is easier to make money if one makes a few big loans in terms of making a study of the soundness of each company, and so forth; so I wonder, in view of the significant impact of the proposed legislation of the Senator from Alabama, and the fact that it does provide a bil-

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lion-dollar guarantee, if it means a great opportunity for the SBIC's to have the leverage which they have not had before, whether it would not be wise—perhaps during the period before we hold hearings next year on this question—to consider something analogous to the fine program the SBA now has for very small businesses, where they make modest loans of $10,000 to $15,000 without collateral, and make them on the basis of a repayment record. Perhaps some incentive system along that line could be devised.

Mr. SPARKMAN. I should be very glad to do that.

Mr. PROXMIRE. It would be an encouraging thing.

Mr. SPARKMAN. I join the Senator from Wisconsin in expressing pleasure over the recent change in the SBA. One complaint I have heard has been that the very small businesses which really needed help could not get it. Many small businessmen have said to me, "If I had the collateral which SBA demands, I would not have to go to SBA to get a loan." I know that the Senator from Wisconsin has had the same experience. I am glad they are loosening up on small loans.

There is an experimental program going on in the District of Columbia at the present time, called the "Six by Six." These are loans not to exceed $6,000, over a period of time not to exceed 6 years. That is quite liberal as far as those terms are concerned.

Mr. PROXMIRE. In a recent article published in one of the leading Philadelphia newspapers, it was stated that after a very careful study, this was the most successful and most popular Government program of any kind in many years. It has been working very well. The repayments have been good. Small businesses can take part in it, and they are obtaining the loans. This is a point which needs to be encouraged. I hope that the legislation which the Senator from Alabama is introducing today might in some way embrace the success which has been attained in this other field.

Mr. SPARKMAN. I would join the Senator in trying to have such a measure enacted into law and into regulations—one or the other, wherever it would properly belong.

Mr. President, I ask unanimous consent that the bill may be printed at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3192) to create a Small Business Capital Bank, and for other purposes, introduced by Mr. SPARKMAN, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SHORT TITLE, STATEMENT OF PURPOSE, AND DEFINITIONS

Short title

SEC. 11. This Act, divided into titles and sections according to the following table of contents, may be cited as the "Small Business Capital Bank Act".

Table of contents

Title I—Short title, statement of purpose and definitions
Sec. 11. Short title.
Sec. 12. Statement of purpose.
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Title II—Establishment of Small Business Capital Bank
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Sec. 31. Incorporation.
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Sec. 41. Use of Bank's funds.
Sec. 42. Standards of eligibility for assistance.
Sec. 43. Provision of equity capital to small business investment companies.
Sec. 44. Provision of loan funds to small business investment companies.
Sec. 45. Purchase of Bank stock by small business investment companies.

Statement of purpose

SEC. 12. (a) The Congress hereby finds that there is an increasing need among small business investment companies for funds to increase their operations to the end of providing additional funds to the small business concerns of this Nation in order to promote and facilitate their growth, expansion, and modernization; that this need must be met in the interest of a sound national economy; and that the funds which are presently available to small business investment companies from the Federal Government and from other public and private sources are insufficient to meet this need.

(b) It is therefore declared to be the policy of the Congress and the purpose of this Act to improve and stimulate the national economy in general and the small business segment thereof in particular by establishing a Small Business Capital Bank to serve as a secondary source for funds for small business investment companies in order to enable such companies to provide to the small business concerns of this Nation the equity capital and long-term loan funds which they need for the sound financing of their business operations and for their growth, expansion, and modernization.

Definitions

SEC. 13. As used in this Act—

(1) the term "Bank" means the Small Business Capital Bank established under section 201 or any branch thereof;

(2) the term "Board" means the Board of Governors of the Small Business Capital Bank;

(3) the term "small business investment company" means a company licensed by the Small Business Administration and operating under the Small Business Investment Act of 1958, as amended;

(4) the term "small business concern" shall have the same meaning as in the Small Business Investment Act of 1958, as amended, and in the regulations promulgated thereunder by the Small Business Administration.

TITLE II—ESTABLISHMENT OF SMALL BUSINESS CAPITAL BANK

Establishment of the Bank

SEC. 21. There is hereby established, as an independent agency of the Government of the United States, a Small Business Capital Bank. The principal office of the Bank shall be located in the District of Columbia, but the Bank may establish such district and branch offices throughout the United States as it deems necessary and appropriate.

Board of Governors

SEC. 22. (a) The management of the Bank shall be vested in a Board of Governors consisting of nine members. The Secretary of the Treasury, the Administrator of the Small Business Administration, and the Deputy Administrator for Investment of the Small Business Administration shall serve as members of the Board. The remaining six members of the Board shall be appointed by the President by and with the advice and consent of the Senate. In making such appointments, the President shall have due regard to a fair representation of the public interest as well as of the particular interests and needs of small business investment companies and the special contributions which can be made by such companies to the sound development of the national economy.

(b) Each member of the Board appointed by the President shall be appointed for a term of six years; except that (1) of the six members first appointed by the President, two shall be appointed for terms of two years, two for terms of four years, and two for terms of six years, as designated by the President at the time of appointment, and (2) any member appointed to fill a vacancy shall be appointed only for the unexpired portion of his predecessor's term.

(c) Each member of the Board shall be a citizen of the United States and shall receive the sum of $100 for each day or part thereof spent in the performance of his official duties; provided, however, that such per diem compensation shall not be paid to the Secretary of the Treasury, the Administrator of the Small Business Administration, nor to the Deputy Administrator for Investment of the Small Business Administration. In addition to receiving such per diem compensation, each member of the Board, including the Secretary of the Treasury, the Administrator of the Small Business Administration, and the Deputy Administrator for Investment of the Small Business Administration, shall be reimbursed for necessary travel, subsistance, and other expenses actually incurred in the discharge of his duties as such member, without regard to any other laws relating to allowances for such expenses.

(d) As soon as practicable after the first members of the Board have been appointed as provided in subsection (a), the members shall meet, subscribe to the oath of office, and organize by electing from among the membership a Chairman, a Vice-Chairman and a Secretary. The Chairman, Vice-Chairman, and Secretary shall be elected annually for terms of one year, and shall serve until their respective successors are elected and take office. The Chairman shall preside at all meetings and the Vice-Chairman shall preside in the absence of disability of the Chairman. The Board may, in the absence or disability of both the Chairman and Vice-Chairman, elect any of its members to act as chairman pro tempore. Five members shall constitute a quorum of the Board for the transaction of business, and the Board may function notwithstanding vacancies provided a quorum is present. The Board shall meet at such times and places as it may fix and determine, but shall hold at least six regularly scheduled meetings a year; and special meetings may be held on call of the Chairman or any three members.

(e) Notwithstanding subsection (b), any member of the Board may at any time be removed from office for cause by the President or, if cause exists but the President does not act, by the Congress through impeachment proceedings.

Executive Director

SEC. 23. (a) The Board shall appoint an Executive Director, who shall serve at the pleasure of the Board and shall, subject

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to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory or policy nature, and, except as otherwise specifically provided in this Act, be responsible for the execution of the functions of the Board.

(b) The Board shall fix the compensation of the Executive Director, but his annual rate of basic compensation shall not exceed $. In addition to receiving such compensation, the Executive Director shall be reimbursed for necessary travel, subsistence and other expenses actually incurred in the discharge of his duties without regard to any other laws relating to allowances for such expenses.

(c) The Executive Director shall comply with all orders and directions which he receives from the Board; but as to all third persons his acts shall be presumed to be in compliance with the orders and directions of the Board.

(d) The Executive Director, subject to the approval of the Board, shall employ such personnel (including attorneys, economists, accountants, experts, assistants, clerks, and laborers) as may be necessary to carry out the functions, powers and duties vested in the Board, and fix their compensation, without regard to the civil service laws or the Classification Act of 1949, as amended. All functions, powers, and duties of the Board, except those specifically reserved to the Board itself by this Act, shall be exercised and performed by the Executive Director and may be exercised and performed by him through such employees of the Board as he may designate.

Regulations

SEC. 24. The Board shall prescribe and publish such regulations, and take such other actions, as may be necessary and appropriate in carrying out this Act and in effectively exercising the functions expressly and impliedly vested in it under this Act.

TITLE III—INCORPORATION AND FUNDING OF SMALL BUSINESS CAPITAL BANK

Incorporation

SEC. 31. (a) The members of the Board of Governors shall, under their hand, forthwith execute and file with the Secretary of the Senate and with the Secretary of the House of Representatives articles of incorporation which shall specifically state the amount of the Bank's authorized capital stock and the number of shares into which such stock is to be divided, and all other matters necessary or appropriate to the organization of the Bank and the accomplishment of the purposes of this Act.

(b) The Board is authorized to direct such changes in or additions to any such articles of incorporation not inconsistent with this Act, as and when it may deem necessary or expedient.

(c) Upon the Board's duly making and filing the articles of incorporation, the Bank shall become, as of the date of the filing of such articles, a body corporate, and as such, it shall have power—

(1) to adopt and use a corporate seal;

(2) to have succession until it is dissolved by Act of Congress or under the provisions of this Act;

(3) to make contracts;

(4) to sue and be sued, complain, interplead, and defend, in any court of law of equity, as fully as a natural person;

(5) to elect, by its Board of Governors, a Chairman, a Vice-Chairman and a Secretary, and to appoint an Executive Director and other officers and employees, define their duties, require bonds of them and fix the penalty thereof, and dismiss any such officers and employees at pleasure and appoint others to fill their places;

(6) to prescribe, by its Board of Governors, bylaws not inconsistent with law, regulating the manner in which its stock shall be issued, held, and disposed of, its officers elected, its staff appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed; and

(7) to exercise, by its Board of Governors or its duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry out its functions under this Act.

Capitalization

SEC. 32. (a) The Bank shall be established with an authorized capitalization of $150,000,000, of which $50,000,000 shall be paid-in capital subscribed for by the Secretary of the Treasury on behalf of the United States, and the remainder shall be provided through purchases of capital stock of the Bank by small business investment companies pursuant to Sec. 45.

(b) The capital stock of the Bank shall consist of two classes, common and preferred, the rights and preferences of the separate classes to be as specified in the articles of incorporation of the Bank; provided, however, that the authorized capital to be subscribed through the issuance of common stock shall not exceed $100,000,000, and the authorized capital to be subscribed through the issuance of preferred stock shall not exceed $50,000,000.

(c) The common stock shall be available for purchase only by small business investment companies pursuant to section 45.

(d) The preferred stock shall be issued only to the Secretary of the Treasury in exchange for the contribution to the paid-in capital of the Bank pursuant to section 32 (a), and such preferred stock shall be redeemed and retired by the Bank from earnings available therefor at any time after the Bank has received a minimum of $50,000,000 in exchange for its common stock.

Borrowing power

SEC. 33. (a) In addition to its authorized capitalization, the Bank shall have authority to obtain funds through the sale to the public of its debenture bonds, which shall bear interest at such rate and contain such other terms as the Board may fix.

(b) The aggregate amount of obligations which may be outstanding at any one time pursuant to section 33(a) shall not exceed $1,000,000,000. The proceeds of the issues of such obligations shall be used only for the purchase of obligations of small business investment companies as provided in section 43 and section 44.

(c) The debenture bonds of the Bank, when duly authorized and issued by the Board, shall constitute obligations guaranteed as to principal and interest by the United States. Said debenture bonds shall be a lawful investment for all fiduciary and trust funds, and may be accepted as security for all public deposits.

Operating funds

SEC. 34. The Small Business Administration shall lend to the Bank, upon application by the Board, a sum not to exceed $—— in each fiscal year, to defray the operating expenses of the Bank. Such loans shall be made from the revolving fund of the Administration devoted to operations under the Small Business Investment Act of 1958, as amended, shall bear interest, and shall be subject to repayment from earnings of the Bank available therefor.

Curtailment of Government obligations

SEC. 35. For the purpose of curtailing Government obligations under the small business investment company program—

(1) Effective on the date of the enactment of this Act, funds authorized under any other law for the revolving fund of the Small Business Administration for purposes of the small business investment company program shall be reduced by $50,000,000; and

(2) Effective five years from the date of the enactment of this Act, section 303(b) of the Small Business Investment Act of 1958, as amended, is hereby repealed.

TITLE IV—PROVISION OF ASSISTANCE TO SMALL BUSINESS INVESTMENT COMPANIES

Use of Bank's funds

SEC. 41. It shall be the primary function of the Bank to use any funds available to it from its capital account or from any of its other accounts—

(1) to provide capital to small business investment companies as provided in section 43; and

(2) to make direct loans to small business investment companies as provided in section 44.

Standards of eligibility for assistance

SEC. 42. The Board shall promulgate standards to determine the eligibility of small business investment companies for the assistance provided by this Act. In promulgating such standards, which may differ according to the type of assistance involved and any other relevant factors, the Board shall give consideration to—

(1) the need to promote the development and growth of small business investment companies so as to enable them to make their maximum contribution to productive investment and employment and to the economic stability and growth of the Nation;

(2) the need to make capital and loan funds for such concerns more readily available in adequate amounts and on reasonable terms;

(3) the need to facilitate maximum participation of private financial institutions and investors in financing small business investment companies and eligible small business concerns; and

(4) the need to supplement the existing facilities of the United States Government and of banks and other private financial institutions through the program of assistance provided under this Act.

Provision of equity capital to small business investment companies

SEC. 43. (a) It shall be a function of the Bank to provide a source of needed equity capital for small business investment companies which meet the standards of eligibility promulgated by the Board under section 42, by advancing funds to such concerns in the manner and subject to such terms and conditions as may be prescribed by the Board.

(b) The Bank is authorized to supply equity capital to any eligible small business investment company through the purchase of either the common stock or the preferred stock issued by such small business investment company.

(c) The aggregate amount of stock of any one small business investment company which may be acquired and held by the Bank at any one time shall not exceed the lesser of 5 per centum of the paid-in capital of the bank or 25 per centum of the issued and outstanding voting stock of such small business investment company.

Provision of loan funds to small business investment companies

SEC. 44. (a) The Bank is authorized to make loans, in the manner and subject to such terms and conditions as may be prescribed by the Board, to small business investment companies which meet the standards of eligibility promulgated by the Board under section 42, in order to provide such concerns with funds needed for their financing activities.

(b) Loans made under this section may be made directly, or in cooperation with banks or other lending institutions, through agreements to participate on an immediate or deferred basis.

Purchase of Bank stock by small business investment companies

SEC. 45. (a) Whenever the Bank advances funds to a small business investment com-

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pany under section 43 or section 44, such small business investment company shall be required to become a stockholder of the Bank by investing in the common stock of the Bank.

(b) A small business investment company receiving equity capital from the Bank pursuant to section 43 shall be required to become a stockholder of the Bank by investing in the common stock of the Bank 5 per centum of the amount of the capital so provided by the Bank.

(c) A small business investment company receiving loan funds from the Bank pursuant to section 44 shall be required to become a stockholder of the Bank by investing in the common stock of the Bank an amount equal to 1 per centum per annum of the amount of the loan funds so provided by the Bank; provided, however, that the maximum funds so invested by the small business investment company shall not exceed 5 per centum of the loan funds so provided by the Bank.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 11380) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. McNAMARA. Mr. President, a parliamentary inquiry.

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

Mr. McNAMARA. What is the pending business?

The PRESIDING OFFICER. The pending business is the Dirksen-Mansfield amendment to the foreign aid bill.

Mr. MANSFIELD. Has the pending business been laid before the Senate?

The PRESIDING OFFICER. It has.

Mr. McNAMARA. Mr. President, yesterday I started to make some remarks, and by unanimous consent I relinguished the floor. Since I had not gotton very far in my remarks, I shall start from the beginning again.

Mr. President, in an earlier speech opposing the various efforts in Congress to nullify the Supreme Court decision on legislative apportionment, I devoted a considerable portion of my remarks to the situation in Michigan.

I cited numerous examples of how a rural-dominated, minority-controlled Michigan State Senate consistently—over the years—vetoed progressive legislation both needed and wanted by a majority of the people of the State.

Further, I pointed out how this tyrannical minority usurped the appointive powers of the Governor and indulged in the most outrageous gerrymandering of legislative and congressional districts for partisan advantage.

Today, I intend to deal with this issue of equal representation in a more general sense and discuss some of its national implications.

In my view, this is perhaps the most vital issue to come before the Congress in this century. Certainly, it is the most important matter to come before the Senate during the 10 years I have served in this body.

Why do I say that?

Because for the first time in the history of this Republic, the United States stands on the threshhold of achieving a truly democratic and fairly representative government at the State level.

This is due entirely—in my mind—to the historic apportionment decision of the Supreme Court—first, in Baker against Carr, and second, in Reynolds against Sims.

There is no question in my mind—and there seems to be substantial agreement on all sides—that fair apportionment of our State legislatures and in our congressional districts would still be a remote probability in the distant future—were it not for the one-man, one-vote principle established by the Supreme Court.

In my previous remarks, I cited the Michigan experience as an example of the impossibility of obtaining equal representation through the legislative route. The experiences of many other States confirms this.

Many years ago—back in the 1920's—H. L. Mencken—who was an implacable foe of what he described as "barnyard government" asserted that the stranglehold maintained on most State legislatures by rural minorities was "not only unjust and undemocratic; it is absurd." He predicted that it "could not last."

But Mencken was wrong. What he called "barnyard government" has not only lasted, it has become even more absurd as the population of the country shifted from countryside to city and from central city to suburb.

Until these landmark Supreme Court decisions in the 1960's, malapportionment and minority control have repulsed all efforts by the downtrodden urban majority to obtain relief.

A major reason for this is that the bias, once built in, is almost impossible to remove by political means because the politicians simply will not vote themselves out of office.

Legislative apportionments, no matter how outrageously unfair, have been "frozen" into State constitutions by amendment with no provision for change. Rural minorities have further protected themselves with cunningly devised procedures to make change extremely difficult, if not practically impossible.

And now we have serious efforts in both Houses of Congress to nullify the Supreme Court apportionment decisions and, in effect, deny forever, the one chance that the urban majority of this country has for fair and equal representation in both the State legislatures and in the House of Representatives.

Since I last spoke on this issue in the Senate, the House of Representatives approved the so-called Tuck bill. We debate here the Dirksen amendment to the foreign aid bill.

The Dirksen amendment and the Tuck bill have the same intent and are equally dangerous because the purpose of both is to remove the issue of legislative apportionment from Supreme Court jurisdiction.

The Tuck bill would accomplish this by a law of dubious constitutionality.

The Dirksen amendment—which I think is even more dangerous—would "buy time" so that an effort could be made to deny the Supreme Court jurisdiction in apportionment cases by a constitutional amendment.

Presumably, malapportioned legislatures that the Supreme Court already has held to be illegally constituted in several States would be allowed to participate in this effort to legalize themselves.

The logic of this escapes me.

I am opposed to all efforts to nullify, delay, cancel, repeal, or postpone the Supreme Court decisions on apportionment—be they in the form of a separate bill, a rider on the foreign aid bill, or a proposed amendment to the Constitution. I intend to oppose them with all resources at my command and that includes voting against the foreign aid bill if this noxious proposal is a part of that measure.

I am opposed to removing apportionment from Supreme Court jurisdiction for the following reasons:

First. It is undemocratic in its purpose and intended result.

Second. It is a reactionary attempt to stem the tide of history that has enormous potential for bitter, divisive strife.

Third. It is based on the indefensible premise that an American citizen living in a rural area is superior or to an American citizen lying in a city or suburb, and thus should be given control of the Government.

Fourth. It is a dangerous intrusion upon the principle of separation of powers in our Government and would establish a perilous legislative precedent.

Fifth. It would prolong minority control in the House of Representatives and thus make the Congress less responsive to the national will.

Sixth. It would further weaken the role of the State government.

Seventh. It would further enfeeble the principle of political party responsibility and accountability which is essential to the successful operaton of a representative democracy.

I now propose to examine these seven points in some detail:

First, why is it undemocratic?

It is undemocratic because it seeks to preserve a system of minority rule, while democracy requires equality of representation.

The very word "democracy" was created to distinguish government by the people from government by kings or aristocrats.

In democratic countries, the people elect representatives who are continued in office by reelection so long as they carry out the will of the people.

It is a fundamental premise of democracy that "all men are created equal"—as we so proudly asserted in our Declaration of Independence.

This means that all citizens must have equal political rights. And the most important political right, if "government of, by, and for the people" is to endure, is equality of representation according to the principle of "one man, one vote."

If a minority of the people, with overweighted voting power in a legislature, can continually frustrate the will and desires of a majority of the people, this principle is violated.

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An argument made by those who favor the malapportioned status quo is that, even in a democracy, the rights of the minority must be protected. I agree.

The rights of the minorities should be protected—and they are—but not by giving them the power to rule the majority.

Minorities are protected by the Bill of Rights, enforced through the courts, through rules of legislative procedure, and other methods.

The right of protection, however, does not include the right to determine policy for the majority.

Those who would perpetuate minority rule express horror at the prospect that one or two large counties would dominate the government of a State.

To me, this is a specious argument because it assumes that all residents of these large counties have identical interests that are in conflict with the rest of the State.

We all know that many different occupational, religious, ethnic, and political groups live within every metropolitan area.

I do not believe there is any way to identify interest groups, as such, for purposes of special representation, without violating the principle of equal representation of each citizen, as an individual.

Second, I contend that this effort to repeal or nullify the Supreme Court's reapportionment decision is a reactionary attempt to stem the tide of history.

What is more, it has a great potential for bitter, divisive strife.

The entire thrust of history in the Western World, with few exceptions, has been toward a more direct translation of the desires of the people into the policies of the Government. This in turn, has led to a willingness to experiment with reforms in hopes of solving the problems of a changing world.

In general, there has been a broadening of the franchise—the right to vote—both in the United States and elsewhere.

As inequalities in representation were eliminated, democracy flourished. The rise of democratic institutions in the West is the history of the removal of class privilege from government.

The first to win representation in government from the kings and the emperors were the lords and the princes who claimed that noble birth entitled them to special political rights.

As democracy grew, the right to representation in the Government was extended to the "commoners." A whole series of historic struggles have been fought to eliminate special qualifications for voting based upon ancestry, property, religion, race, sex, and colonial status.

Extension of the democratic processes in the United States has been a somewhat gradual process even though the direction has mostly been forward. It took time before constitutional limitations on popular government were removed.

The direct election of U.S. Senators, and the initiative, referendum, and recall of public officials are relatively recent changes.

Conversely, the argument has been made by opponents of equal representation that we should not "upset tradition."

I am indebted to a Michigan constituent, Mr. Maurice Waters, an assistant professor of political science at Wayne State University, for an eloquent rebuttal to this argument.

In a recent letter to me, urging opposition to the Dirksen amendment, Mr. Waters said in part:

> As for the argument that historically we have had a malapportionment system and that therefore we ought not upset tradition, one need only reply that any tradition which encompasses injustice is not worth citing as a ground for its continuation.
>
> We have long since recognized this by virtue of having freed the slaves, given women the right to vote, and, in the past several years engaged in efforts to supplement our ideals of civil rights.
>
> In every instance cited, tradition had to be overcome, but it is equally true that those who had a deep appreciation for the lack of justice which those traditions represented, saw fit to take appropriate action.
>
> My dismay and concern regarding the present moves to thwart the Supreme Court's decision is deep, because I feel that many basic needs confronting the American people have been partially or totally ignored, in large measure because millions have been inadequately represented * * *.

Mr. President, it is in this area of ignored needs that there exists a great potential for bitter division and strife among the American people.

To millions of city-dwelling Americans concerned with an equal voice in their State legislatures, the Supreme Court has, indeed, beeen "the court of last resort". Frustrated by constitutionally frozen districts and defeated in their efforts to change matters at the polls, they have turned finally to the Supreme Court for relief.

And now it is proposed to bar them from this last avenue of assistance.

One of the compelling arguments for passage of the Civil Rights Act of 1964 was that it would take the issue of equal treatment out of the streets and put it in the courts, where it belonged.

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

Mr. McNAMARA. I yield.

Mr. PROXMIRE. A most convincing argument on the side of supporting what the Senator has been saying about ignored needs and about how malapportioned legislatures have prevented the people from getting the kind of relief and legislation which they want was made by the senior Senator from Michigan. Indeed, by far, the best exposition on that subject was given by the senior Senator from Michigan earlier in a speech which he delivered. In that speech the Senator cited case after case in which, as I understood, State senators who constituted a minority in the Michigan State Senate but represented a very big majority of the Michigan people voted for reforms and for badly needed programs, but were frustrated by those senators who constituted a majority of the State senate but a minority of the people. Those senators voted against the measures.

Is it not true that under those circumstances, unless the decision of the Supreme Court is honored, this inability of the State legislatures and State governments to meet the needs of the people will continue, be expanded, and be multiplied throughout the country by the number of States that we have?

Mr. McNAMARA. That certainly is true. I thank the Senator for referring to my previous remarks. I documented and provided irrefutable evidence, naming the incidents involved, in which a portion of the Senate that represented the minority of the people of the State of Michigan was able to thwart the will of the representatives of the majority.

Mr. PROXMIRE. It seems to me that that is the kind of argument which has been very telling. It is true that when we have spoken on the subject, the number of Senators in the Chamber has been small—perhaps very few. Nevertheless, the debate is reported to the country. It is read in the CONGRESSIONAL RECORD. The speech delivered by the Senator from Michigan a few weeks ago was obviously considered by other Senators.

I wish to call attention to the fact that probably the most dramatic switch in congressional sentiment that has taken place in a long time was demonstrated yesterday when the Tuck bill, which passed the House by 40 or 50 votes—not an overwhelming number, but a decisive victory—was brought up in the Senate. Judging from the performance in the House, if that bill had come up in the Senate without any debate a month ago, it is clear that it would have passed. But what happened after our debate? It did not pass the Senate. It was defeated crushed by a vote of 56 to 21, which was about as bad as beating as any proposal that has passed this House has received here in a long time.

What the Senator from Michigan is doing today is making his carefully reasoned and persuasive speech is not merely passing time but, it seems to me, he is winning people who have open minds and are willing to consider the issue and the merits of the argument, winning people to our side. Debate has done this and it is being done every day the debate continues.

Mr. McNAMARA. I thank the Senator from Wisconsin for his complimentary remarks. I assure him that everything he has said about my feeble efforts in this case could be said for him, but to a much greater degree, because he has been a real leader in this effort to support the decision of the Supreme Court.

Mr. President, the proponents of status quo malapportionment now propose to take the question of equal voice at the ballot box out of the courts and leave the aggrieved citizens only the recourse of the streets.

I do not suggest that nullification of the Supreme Court "one man, one vote" decision would result in immediate street riots of protest.

But I think perhaps that a good case could be made for the argument that some of the unfortunate rioting we are experiencing this summer is caused—in

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part—by the failure of malapportioned, rural-dominated State legislatures to make any attempt at all to solve the urgent social and economic problems of the big cities within their jurisdiction.

And if we confirm this minority control for years to come, the ignored problem of the big cities and the suburbs will become even more explosive, and the desperate efforts to solve them even more violent.

They will be aggravated even more by the continuing shift of population from the farm to the city—a movement that is inevitable.

This massive population shift that already has changed our country from a rural, smalltown society to an urban, highly industrialized nation makes inevitable the eventual defeat of the effort to deny equal voting privileges to the city-dwelling majority.

It might well be said that the longer this justice is denied and delayed, the more drastic will be the reaction when equality is finally achieved and the majority does indeed govern.

My third basic criticism of malapportionment—and the efforts to perpetuate it—is it is based on the indefensible premise that an American citizen living in a rural area is somehow superior to an American citizen living in a great city or suburb.

This is an inherent, though often unspoken argument of the malapportioners—that only those who live in the wide open spaces can be entrusted with self-government and that there is something inherently wicked and evil in city and suburb, that disqualifies those who live there from exercising equal power at the ballot box.

This viewpoint was never true—even during the pioneer days when it received its widest credence, and it is preposterous that it would continue to survive in our urban society today.

The overwhelming majority of mail I am receiving on this issue from Michigan is in opposition to the Dirksen amendment and the Tuck bill.

At the latest count, I had received only five letters urging me to support status quo malapportionment, compared to more than 100 in opposition. And two of the five "pro" letters were from the Farm Bureau and the Lumberman's Association.

My fourth major objection to the Dirksen-Tuck proposals is that they constitute a dangerous intrusion upon the principle of separation of powers in our Government and would establish a perilous legislative precedent.

As a resident of Jackson, Mich., wrote me recently:

> For if Congress passed an unconstitutional law, it could simultaneously pass a provision withdrawing the jurisdiction of the Court on that law. Obviously, this precedent would gravely endanger the people.

The basic question here may be broken down into three parts:

First. Can Congress withdraw jurisdiction of the Federal courts over State legislative apportionment?

Second. Can Congress prohibit judicial review in any Federal court of a question concerning a violation of the U.S. Constitution, and

Third. Can Congress withdraw jurisdiction over such a question from the inferior Federal courts and at the same time deny appellate review by the Supreme Court over such decisions by the highest courts of the various States?

If apportionment jurisdiction is taken from the Supreme Court, a dangerous precedent will have been established. This precedent—withdrawal of jurisdiction—would in effect destroy the system of checks and balances—the check of the Supreme Court to invalidate an unconstitutional statute—and result in a radical change in constitutional structure.

These specific questions have not been finally disposed of by the Supreme Court.

The celebrated McCardle case of Reconstruction days is often cited as precedent for congressional withdrawal of jurisdictional authority from the Supreme Court.

William H. McCardle, it will be recalled, was editor of the Vicksburg, Miss., Times during the Reconstruction period after the Civil War. He was outspoken in his editorial criticism of the Union troops, and the officer in charge of the occupation forces had him arrested and held for trial on charges of what amounted to sedition.

McCardle, alleging unlawful restraint and challenging the validity of the Reconstruction Acts which were the authority for his arrest, filed a petition for a writ of habeas corpus in the Federal Circuit Court of southern Mississippi.

The writ was issued, but after a hearing, McCardle was returned to the custody of the military authorities. He then appealed to the Supreme Court, and it looked very much like he might win, since the Court had previously held unconstitutional the Reconstruction Act requiring test oaths from southerners.

Arguments were heard on the case, but before the Justices could hold conference and reach a decision, the Congress in 1868 intervened, enacting a statute withdrawing appellate jurisdiction from the Supreme Court in habeas corpus cases.

The issue then became whether the Court had jurisdiction, in light of the new law, and the Court held that it did not, dismissing the case.

A few years later, the Congress evidently regretting what it had done, repealed this ill-advised law.

Although the McCardle case is cited as a precedent, there is some question whether it would be applicable in the present instance.

It is worth noting that the Court was not faced with the question of total denial of Federal judicial review of Federal constitutional questions, as is proposed in the Tuck bill and—eventually—by the Dirksen amendment.

It is extremely doubtful whether the Court would sustain as constitutional, legislation denying both original jurisdiction and judicial review by the Supreme Court of State court decisions on matters of legislative apportionment.

As Anthony Lewis stated in the New York Times of August 16, 1964:

> Foreclosing enforcement of the right to equal representation would be a precedent for picking out any other constitutional right that Congress did not like at the moment and excluding it from the courts.

In other words, denial of equal voting rights today could be followed by denial of freedom of speech, press, or worship tomorrow, given the appropriate emotional and political climate.

My fifth point in opposition to freezing the status quo on legislative malapportionment is that it would prolong minority control in the House of Representatives and thus make the Congress less responsive to the national will.

Malapportioned State legislatures have a habit of stamping their distorted image upon congressional districts within their own State, as we know from bitter experience in Michigan.

And while the Constitution requires that the States be represented in the House of Representatives according to the population of the several States, the distribution of that representation within the State is determined by the State legislature.

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

Mr. McNAMARA. I am glad to yield to the Senator from Pennsylvania.

Mr. CLARK. The Senator is making a most important address on the matter of reapportionment, and, needless to say, I am in complete accord with the position he has taken, which I think is completely sound both legally and from the point of view of justice and equity.

I had called to my attention by a rather prominent member of the Johnson administration the other day an article which appeared in the San Francisco Chronicle a couple of weeks ago. I wonder if my friend from Michigan saw it. I thought I would put it in the RECORD. It is written by a columnist named Arthur Hoppe, and it is entitled "Fair-play for Rocks."

Does the Senator recall having seen it?

Mr. McNAMARA. I do not recall having read it.

Mr. CLARK. The article points out:

> Our Supreme Court says we have to rearrange our State legislatures to conform to the conservative doctrine of "one-man, one-vote." And naturally this has deeply angered all liberals committed to the truly democratic concept of equal representation for all—for all rocks, trees, gravel pits, wheatfields, gold mines, and oil wells.

Mr. Hoppe intends to organize a special committee to see to it that the rocks get fair treatment. He points out that the fervor of those who want to see every rock have a vote must bring a lump to one's throat:

> And if we can just stir up our brothers, the rocks, to seek their freedom now, we shall win our rightful place in our society. In a landslide.

Mr. President, if the Senator from Michigan is agreeable, I ask unanimous consent to have the article from the San Francisco Chronicle printed in the RECORD at this point.

Mr. McNAMARA. I have no objection. I thoroughly agree with the sentiment expressed. Whether it is measured

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in terms of rocks or trees or acres, or by whatever yardstick, it all comes to the same conclusion: There is no justification for it.

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

FAIRPLAY FOR ROCKS!

(By Arthur Hoppe)

Our Supreme Court says we have to rearrange our State legislatures to conform to the conesrvative doctrine of "one-man, one-vote." And naturally this has deeply angered all liberals committed to the truly democratic concept of equal representation for all—for all rocks, trees, gravel pits, wheatfields, gold mines, and oil wells.

"Are these great, economically important land areas to go unrepresented," cries our State chamber of commerce, "just because they are low in population?" "Would that be democratic? Of course not. It's rank discrimination by those narrow-minded bigots who believe in human supremacy.

So to coordinate the efforts of all us fighters against intolerance and injustice, I'm forming the National Association for the Advancement of Rocks. Let us march forward together under the ringing battle cry: "One rock, one vote."

And if we must reapportion our State legislature, let us do so fairly. Look at the sorry mess it is now. We have 80 assemblymen in the lower house, each elected on the basis of populaton. Fair enough. Humans should have a voice, too.

But our State senate is a complete hodgepodge. As is often pointed out, the State senator from Los Angeles, the able Mr. Tom Rees, represents 7 million people. But who cares that most rural senators must struggle against overwhelming odds to guard the legislative interests of at least six times that many rocks? Is this fair?

Worse, several of our State senators representing oil wells also have people in their districts. One can scarcely imagine the difficulties this causes. For no man can serve two masters. And consequently our oil wells are definitely not receiving the full-time legislative representation they deserve.

There is obviously only one equitable method of bringing order out of this chaos: Let our assemblymen continue to represent people and allow our distinguished State senators to represent rocks. Not only rocks, of course, but trees, gravel pits, oil wells, and the like. A senator for each, I say—a dedicated statesman who could devote full time to whatever special interest he represents. Instead of part time, as he does now.

Yes, rock lovers, we must end this taxation of oil wells without adequate representation. We must put a stop to this exploitation of our resources by revenue agents. We must lift up our downtrodden gravel.

Ah, the fervor of us upholders of true democracy brings a lump to your throat. And if we can just stir up our brothers, the rocks, to seek their freedom now, we shall win our rightful place in our society. In a landslide.

Mr. McNAMARA. Mr. President, a legislature controlled by a rural minority usually ties itself into gerrymandering knots in order to give a rural, conservative weighting to its congressional delegation, at the expense of the underrepresented cities and suburbs.

As a result, the city dweller is denied equal voice in both his State and National legislatures.

A Congress that is heavily weighted in favor of the Nation's rural and conservative community has difficulty in responding to the needs of a rapidly-growing, urban-centered society.

A recent study by Congressional Quarterly indicates that of the 435 Representatives, 250 came from districts that were rural-based. Furthermore, most congressional districts of this type are fairly "safe" politically. According to the Quarterly study, about 300 congressional seats almost never change party hands, leaving only 125 seats that are genuinely competitive.

As a result, conservatives of both parties become entrenched in dominant positions on the all-important committees. They tend to become more and more preoccupied with the narrow concerns of their districts at the expense of national needs.

Most of the opposition to such needed programs as aid to depressed areas, manpower training, urban renewal, mass transit, slum clearance, air and water pollution control and juvenile delinquency comes from the over-represented rural areas.

The fact that many of these programs have managed to scrape through the Congress in recent years—often in diluted and inadequate form—is no argument for continuing malapportionment. It merely emphasizes the need for correction.

Mr. Justice Black, in writing the majority opinion in the landmark case of Wesberry against Sanders, in October 1963, that struck down a Georgia congressional districting law, stated in part:

We agree with the district court that the 1931 Georgia apportionment grossly discriminates against voters in the Fifth Congressional District.

If the Federal Constitution intends that when qualified voters elect Members of Congress, each vote be given as much weight as any other vote, then this statute cannot stand.

We hold that, construed in its historical context, the command of article 1, section 2, that Representatives be chosen "by the people of the several States" means that as nearly as is practicable one man's vote in a congressional election is worth as much as another's.

A fifth basic objection to continuation of legislative malapportionment is that it would further weaken the role of State government in our society.

It is somewhat ironic that the most vociferous proponents of States rights are most prominently identified in the campaign to cancel the Supreme Court's jurisdiction over legislative apportionment, since it is the rural-dominated State legislatures that have ignored the 20th century problems of their metropolitan areas that are most responsible for their own decline.

In my earlier remarks I described how a rural minority controlled State senate in Michigan had exercised a ruthless series of legislative vetoes over progressive programs proposed by a popularly elected Governor and favored by a clear majority of the people of the State.

I do not believe that the Michigan experience is unique. It has been duplicated in many States in all sections of the country.

The fact is that the legislatures of this country have remained citadels of conservatism during the past 50 years at a time when the liberal sentiments have been confined to the executive and judicial branches of Government.

Despairing of assistance from their State capitols in solving the severe problems of industrial development and urban growth, the great cities of the country have been forced to turn to the Congress for Federal help—in slum clearance, urban renewal, mass transit, hospital construction, and other critical areas.

By placing undue emphasis on economy at the expense of social need; by making niggardly appropriations for education, welfare, mental health; by shortchanging the cities in the distribution of tax moneys, the rural-dominated legislatures have been a primary cause of the drastic decline of the role of the State government.

I believe—as I have said previously—that when and if the States achieve truly representative government much of the noisy arguments over States rights versus concentration of power in Washington will disappear.

Truly representative State governments—working in harmony with Federal and local governments to meet the problems of America that confront us in the 1960's—will win back the prestige and esteem they once had.

But if we seek to perpetuate the malapportionment that has brought about their present state of ineffectiveness and public disrepute, State government will continue to wither and decline.

Finally, to prolong legislative malapportionment would be to further enfeeble the principle of political party responsibility and accountability which I believe is essential to the successful operation of a representative democracy.

Political scientists, generally, are in agreement that inequal apportionment handicaps political party responsibility; that modern democracies depend upon political parties to make representative institutions work.

An urban, industrial society such as ours needs the help of political parties to narrow down the field of potential candidates; to find a simple, short-hand way of knowing what candidates stand for, and to take on the chores of organizing and financing election campaigns.

Within the legislatures, too, the parties should perform the necessary functions of organizing committees and acting upon legislation to carry out the programs they have promised in their campaign platforms.

Most important, the two-party system provides—or should provide—the voters with records on which they can judge the candidates.

But this rational and logical system of political accountability is frustrated and defeated by unrepresentative apportionment. Too often we have the situation where one party with broad popular appeal elects a Governor by a substantial majority.

But through malapportionment he is forced to deal with a legislature controlled by senators and representatives—usually of the other party—that have been elected by a minority of the voters.

As an example of this, I cite the 1958 election in Michigan where Gov. G. Mennen Williams was reelected to an un-

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precedented sixth term by a handsome plurality of nearly 150,000 votes.

But in the same election, the Democrats and Republicans each got the same number of seats in the house of representatives, even though the Democratic house candidates received 627,000 more votes statewide.

In the State senate, where malapportionment was even more flagrant, Republicans won 10 more seats than the Democrats, despite the fact that the Democratic senatorial vote—statewide—was 45,642 votes higher than the Republican.

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

Mr. McNAMARA. I yield.

Mr. PROXMIRE. What was the division of the Michigan State Senate? Did the Senator say that there were 10 more Republican State senators than Democratic senators in the 1959 legislature?

Mr. McNAMARA. I repeat—in the State senate, where malapportionment was even more flagrant, Republicans won 10 more seats than the Democrats, despite the fact that the Democratic senatorial vote, statewide, was 45,642 votes higher than the Republican.

Mr. PROXMIRE. That is a dramatic demonstration of the frustration of the popular will. We have a situation in which a majority of the people vote for representatives of one party. But they do not get a majority in the State senate. Instead, they get a relatively small minority. Ten senators in a body the size of the Michigan State Senate would be a very clear and decisive—in fact, almost overwhelming—majority. It would be in the Wisconsin State Senate. I believe that it is true also of the Michigan State Senate.

Mr. McNAMARA. As I recall, it was 22 to 12.

Mr. PROXMIRE. Almost 2 to 1.

Mr. McNAMARA. That is correct.

Mr. PROXMIRE. I believe that is a dramatic demonstration of the evils of the malapportionment of the rotten borough system.

Mr. McNAMARA. I thank the Senator for emphasizing that point. It impressed me in that manner.

Thus, unequal apportionment of the legislature made it impossible for the majority party in the State to assume its proper responsibility for the conduct of the State government.

The result in Michigan, and in a host of other States with similar situations, is governmental stalemate and political frustrations.

I have spoken here today, as I did on August 17, with what is unusual length for me.

I do so because I feel that legislative apportionment is the most important issue facing this Congress.

I believe that we have been acting with undue haste in considering these measures without public hearing and without proper deliberation.

For that reason, I think it is essential that we have extended discussion of this vital matter so that public opinion will have time to mobilize and make itself known to the Congress.

Therefore, I have spoken twice at length and am prepared to do so again in the future should that prove necessary.

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

Mr. McNAMARA. I yield.

Mr. DOUGLAS. I congratulate the Senator from Michigan for the very able address which he has just delivered. While I did not hear all of it, I read it all. I believe it is one of the clearest and most forthright statements that have been made. It is characteristic of the Senator from Michigan, who is always forthright in his statements and in his attitude.

I believe it can be said of the Senator from Michigan: "Behold a Senator in whom there is no guile." Everyone always knows where he stands. He does not make any ambiguous statements. He does not cast any ambiguous votes. His statement will have a real effect on public opinion.

I was especially interested in the opening part of the Senator's address. It sketched some of the historical developments. As I study the pattern of legislative representation, it appears that the rough outlines of the pattern of representation in most of the States was laid either by 1900 or in the years around or before 1900. In Vermont, the pattern in the lower house follows the Constitution of 1793. That is 171 years in the past. I believe that in most of the States the legislative districts were laid out in the years around 1900, or in the years preceding 1900.

At that time, the United States was a country consisting primarily of farms, small towns, and small cities, and the representation in 1900 was approximately correct. It was not precisely correct, for in such States as Vermont, New Hampshire, and Connecticut there were grave disparities in the lower houses, and in States such as Rhode Island, grave disparities in the composition of the State senates, but in many States it bore a rough approximation to the population. Indeed, in the constitutions of many States—probably in most of the States—there was an injunction that there should be periodic apportionment after the decennial census according to population. What has happened recently has been the burgeoning of cities and then of the suburbs.

I believe that some figures I had printed in the RECORD several weeks ago are very appropriate. As late as 1910, only 31 percent of the population lived in what might be termed metropolitan districts; that is, cities and suburbs.

In 1960, 63 percent of the population lived in those districts. So we had changed from a nation in which less than one-third of the population were residents of metropolitan areas to a nation in which nearly two-thirds of the population were residents of metropolitan areas.

In the years since 1960, this process has been accelerating. I believe it is safe to say that now two-thirds of the population live in the cities and suburbs, with the suburbs becoming a constantly increasingly factor. Ten years from now, probably 70 or 75 percent of our population will live in those areas. And yet, in the main, until the Supreme Court decision was handed down, we were confined to a pattern of representation that was laid down around 1900, or, at the latest, 1910.

As the Senator has said, the State legislatures refused in the main to apportion themselves. The Supreme Court decision therefore liberated the cities and suburbs and offered, for the first time, hope that the legislatures might bear some pattern to population, with all the great possibilities that this decision opened up; namely, that the cities and suburbs would now have, at least, a larger degree of home rule and not be subject to the domination of a rural minority.

If this process were allowed to continue, we could have legislatures which would correspond to the relative distribution of population. If this process were denied, or arrested, and a constitutional amendment were put through which would prohibit the courts from intervening, there would be very little prospect that the legislatures would redistribute the seats. The situation would be frozen with a 1900, or earlier, pattern of reapportionment in the face of a changing population.

That is the historic situation which is created. The Senator from Michigan put his finger on it in his usual forthright fashion, without any doubletalk. He made his position clear.

I thank the Senator from Michigan for his very clear exposition. There may not be many Senators in the Chamber who have heard the Senator speak. But there are approximately 50,000 subscribers to the CONGRESSIONAL RECORD. A goodly percentage of those subscribers read the RECORD every day. The CONGRESSIONAL RECORD has an influence on newspapers, magazines, and thoughtful attorneys in small towns and cities and those interested in government. So the words of the Senator will go out across the country through the medium of the printed page. They will have a tremendous influence on public opinion. Again, I thank the Senator from Michigan for once again putting us all in his debt.

Mr. McNAMARA. I thank the distinguished Senator from Illinois, who time and again has expressed his deep concern, his dedication, and his desire to support the Supreme Court decision.

I point out, however, that the Senator talked about malapportionment that has dated back for a great many years. We recently heard of the constitutional convention that was held in Michigan. Governor Romney and those in control of that constitutional convention came forth with a proposal based 80 percent on population and 20 percent on geography.

Mr. DOUGLAS. Namely, our trees, acres, and cows, as well as people.

Mr. McNAMARA. That is correct. Even as late as a year ago, this was the thinking in a great many areas of the country. So we do not have to go back as far as the Senator goes in order to show the injustices that have existed and do exist, and would have continued to

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exist in the future, as the Senator from Illinois correctly concluded, if it were not for this great landmark decision of the Supreme Court.

I thank the Senator from Illinois very much.

Mr. McGOVERN. Mr. President, I take this opportunity to express my own personal appreciation and admiration to the Senator from Illinois [Mr. DOUGLAS], the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Michigan [Mr. McNAMARA], the Senator from Pennsylvania [Mr. CLARK], and the others for the courageous and effective fight they have waged here on the Senate floor for the past few weeks in connection with the so-called Dirksen amendment.

I say quite frankly that when this amendment was first offered, I did not fully realize all of inherent dangers in the proposal. But, after reading the scholarly presentations that have been made on the floor of the Senate by these Senators I have just named, I have come to the conviction that this is indeed a dangerous and ill-advised proposal. I am happy to join my colleagues in opposing it here today.

I am strongly opposed to the amendment of the Senator from Illinois [Mr. DIRKSEN] which seeks to set aside a historic ruling of the Supreme Court relative to the apportionment of our State legislatures. The weaknesses of the Dirksen amendment are many. The proposal is not only subject to fundamental procedural objections; it is ill-conceived in substance. The seriousness of the issues raised by the amendment and the dangerous precedent which would be set by its passage cannot be ignored. We may be facing here the most far-reaching, historic decision of this Congress. Let no one fail to realize that our decision on this amendment will profoundly influence the future course and development of the American constitutional system. The amendment poses a grave blow to the traditional constitutional principle of judicial review; it is procedurally unsound.

On procedural grounds, the proposal is ill-advised at the outset because it offers no opportunity for careful committee examination. There have been no hearings on this amendment although the problem of reapportionment of State legislatures raises legal and constitutional issues of grave importance.

These complicated legal issues ought to have been carefully explored in hearings before the Judiciary Committee. Instead they were pushed without careful and deliberate consideration onto the floor of this body in the closing days of the session.

As a consequence, the Senate has not been able to give this question the careful examination it deserved and that it received by the Supreme Court. To set aside what our highest judicial tribunal has declared to be an individual constitutional right is bad enough. But to do so in haste, without proper legal analysis and attention, is excessive legislative license.

The U.S. Senate has often been referred to as the most deliberative body in the world; from its treatment of the important question now before us one wonders whether such a lofty description is always merited. As Dean Rostow of the Yale Law School pointed out in his brilliant article recently in the Washington Post, criticism of the Supreme Court ought to be offered carefully and thoughtfully. Yet, only because of the determined efforts of several Senators, most notably Senators DOUGLAS, PROXMIRE, CLARK, and METCALF has public opinion been alerted to the serious danger posed by passage of the Dirksen amendment. Haste is never a sound procedure for fundamental changes in constitutional law.

Secondly, on procedural grounds, the foreign aid bill is a strange vehicle for an amendment on the reapportionment of State legislatures. The practical effect of this technique is all too clear. We are all aware that the likelihood of a Presidential veto of the foreign aid bill is slim. By attaching the Dirksen amendment to this vital oversea program a way is sought to circumvent the President's constitutional veto power. It seeks to avoid executive consideration of the merits of the Dirksen amendment by attaching it to foreign assistance and American foreign policy.

A further objection to this amendment is that it is not geared to the specific needs and problems of reapportionment in each individual State. In legislative reapportionment cases the Supreme Court has given great weight to the varying problems of the several States. Its orders have taken into account special needs and circumstances. The proposed amendment, on the other hand, orders a blanket stay of all judicial proceedings. The current proposal is a broad and sweeping one, very unlike the particularized opinions of the Court. Inherent in this attack on the independence of the courts is a stifling of judicial discretion.

It has been urged in support of this amendment that it is intended to bring relief from the disruption caused by the recent Supreme Court decisions. That supposed disruption, however, is nothing as compared to that which would be caused by the amendment now before us. The amendment would void hard-won reapportionment in several States and reinstate the inequitable situation existing prior to the Supreme Court decisions. The senior Senator from Wisconsin has already indicated the dire consequences that the amendment might have in his State. The legislatures of numerous States have taken steps to comply with the Supreme Court decisions. This amendment, if passed, would tend to negate the progress made in these States and would frustrate orderly compliance with a constitutional mandate.

Another factor, which has been emphasized by the Senator from New York [Mr. JAVITS], is the dubious constitutionality of the Dirksen amendment. Following the passage of this amendment, there would undoubtedly be disagreement in the lower Federal courts as to its constitutionality. Confusion would exist as to whether the amendment was merely a "request" to the courts or an outright "order." The disruption that would be caused to orderly reapportionment by such a situation is apparent. And if, as many of us believe, the framers of this amendment are seeking to rebuke the Court and establish congressional control over decisions of the courts, then the amendment is pernicious and unconstitutional.

Finally, we must ask ourselves whether there is any practical necessity for this procedure. Time and again the courts have granted stays to their reapportionment orders where unusual circumstances have made immediate compliance with the Supreme Court decision impossible. This amendment is to a large extent superfluous. The courts do not need to be told by Congress when justice demands that a stay be granted to a reapportionment order. Justice is a matter with which our Federal tribunals are well acquainted. The courts are in fact allowing the States a "reasonable opportunity" to reapportion.

The Dirksen amendment is even more objectionable on grounds of substance than procedure. The amendment would lead to a dangerous confrontation of Congress and the Supreme Court. By passing this amendment, we would in effect be directing the verdicts of the Supreme Court. We would be striking at the Constitution itself and the fundamental principle of the separation of powers. The Supreme Court would no longer be the umpire of the Federal system; Congress would have assumed this role. Respect for the independence of courts demands that we, as Members of Congress, respect the Supreme Court when it acts within its proper sphere. Traditionally, constitutional adjudication has been a matter for the courts, and not for Congress. Government under law becomes a meaningless slogan if Congress can tell the courts how they must decide cases involving individual constitutional rights.

And as the distinguished junior Senator from Montana [Mr. METCALF] has ably demonstrated, the one-man, one-vote principle is not merely a result of statutory construction. Voting equality is an individual constitutional right. The Dirksen amendment does not seek to suspend a certain judicial construction of a statute; it would suspend a fundamental constitutional right. By legislative fiat we would prevent the Supreme Court from protecting a basic right of American citizenship—the right to an equal vote. If Congress can so suspend one fundamental constitutional right, why not another? What would there be to prevent Congress from suspending the right of free speech or freedom of religion? There is great danger in thus attempting to remove certain categories of cases from judicial consideration. A pernicious precedent would thereby be set. To substantially delay the realization of a basic constitutional right is beneath the dignity and the proper function of the Senate.

The decisions in Baker against Carr and the cases following it were designed to correct a situation in which some areas were grossly underrepresented in numerous State legislatures. The shocking inequities of the overweighted vote are alien to our basic concepts of politi-

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cal democracy. Yet the right of fair representation is now denied many American citizens by improper legislative apportionment. It was this situation which led the Supreme Court to rule that unequal representation was not equal protection of the laws. We must not forget that political equality is the fundamental principle of any democracy. The recent decisions of our Supreme Court are yet another proof that democracy acts to correct its own evils. The Court seeks to correct an imbalance in legislative representation that now tends to be weighted against the town dweller, but tomorrow it may be the rural resident whose rights will need the protection of the Court. The Dirksen amendment seeks to preserve an unrepresentative, undemocratic system.

The Dirksen amendment has been aptly labeled the "rotten borough" amendment. Its effect would be to permit unbalanced State legislatures to perpetuate themselves by ratifying a constitutional amendment legalizing the imbalance. The senior Senator from Montana, our distinguished and honored majority leader, a cosponsor of the bill, has said that it was not his purpose to encourage a constitutional amendment if it was to be submitted for approval by legislatures as currently constituted. But make no doubt about it, this bill will be attempted if we pass the amendment as Senator DIRKSEN, the original architect of the proposal, has made perfectly clear. We ought not to give the malapportioned legislatures this chance to so preserve themselves. Any vote on such a constitutional amendment must be on the basis of the one-man, one-vote rule announced in Reynolds against Sims.

It has been urged that if the people wish their State legislature to be apportioned on a basis other than population, they may so decide by majority vote. This proposition is unsound. The Supreme Court has stated that an equally weighted vote cannot be abridged by the vote of a majority of the State electorate if the resulting apportionment scheme violates constitutional requirements—W.M.C.A., Inc. against John P. Lomenzo. The right to an equal vote is an inalienable right which cannot be destroyed by the majority. Again, it should be emphasized that the Dirksen amendment suspends a constitutional right which is personal in nature.

The senior Senator from Wisconsin [Mr. PROXMIRE] has said that "poor apportionment prevents State action, and makes Federal action more likely." Under the apportionment systems declared unconstitutional by the Supreme Court, our town dwellers are not adequately protected by the State legislatures. As a consequence, the cities and local communities have been encouraged to resort to the Federal Government for assistance. Reapportionment on the basis of population is destined to lead to more healthy State and local government and to breathe fresh life and vitality into the principle of local responsibility. It is indeed ironic to see certain Senators who continually defend the virtues of States rights supporting this amendment, which can only serve to perpetuate a situation of increasing reliance on Washington on the part of local populations. A vote against the Dirksen amendment will go a long way toward ending political inertia in many State legislatures. A truly representative State legislature will be able to do a better job at the State level. Malapportionment can only be a hurdle to effective State and local government.

Mr. President, I have attempted to summarize my objections to the Dirksen amendment. I wish to close by concurring in the excellent closing statement of the junior Senator from Montana [Mr. METCALF] when he said on Tuesday:

> I am convinced that the Dirksen amendment is wrong, it is wrong in the spirit of the Constitution, it is wrong in the principle of the separation of powers, it is wrong in the doctrine of the supremacy of law. It should be rejected.

THE THREAT TO RURAL AREAS

Mr. President, turning to another matter, but a related matter, it has been argued by some of the proponents of the Dirksen amendment, and some of the opponents, that it is designed to favor the rural districts of the country. To whatever extent that argument has any merit—and I would seriously question that it has, because I think any action which abridges any constitutional right is in the long run a fundamental threat, not only to town dwellers, but to all Americans—that kind of unprecedented and dangerous act can set a pattern for a later threat aimed at rural America. But if those who are pressing this amendment on the ground that it will assist the rural sections of the country are sincerely concerned about that issue, then I am sure they will also be carefully and thoughtfully concerned about the agricultural problem that faces us in 1964 and the years ahead.

It is to that subject, which is somewhat related to the question now under consideration, that I should like to turn my attention briefly at this time.

THE AGRICULTURAL RECORD

Mr. President, it is not possible to predict at this moment in the current Presidential campaign where Senator GOLDWATER will be on the farm issue in November.

It is time, however, to clear the record to date.

In 1960, Senator GOLDWATER proposed to eliminate the farm programs built over the past 30 years. He said in September 1960 in Los Angeles, Calif.:

> I favor placing agriculture back under the law of supply and demand, with provisions for farmers hit by acts of God."

In 1960, in his book, "The Conscience of a Conservative," he wrote:

> What has been lacking is not an understanding of a problem that is really quite impossible not to understand but the political courage to do something about it.
>
> Doing something about it means—and there can be no equivocation here—prompt and final termination of the farm subsidy programs. The only way to persuade farmers to enter other fields is to stop paying inefficient farmers for produce that cannot be sold at free market prices.

This rash condemnation of farm programs and price supports was modified when Senator GOLDWATER had captured the Republican nomination for the Presidency. He then concluded that there should be:

> Price supports—designed to help farmers achieve orderly marketing within the framework of our dynamic American market system. Price support programs should be voluntary and should be established for specific commodities, in order to widen markets, ease production controls, and help achieve increased family income.

But that view did not last.

In an exuberant moment, a few days ago, in the town of Oregon, Ill., according to the Washington Evening Star, the candidate returned to his off-the-cuff, off-the-hip position when he demanded to know:

> What is wrong with the American farmer planting what he wants, when he wants, and as much as he wants, and taking his chances in the marketplace?

If Senator GOLDWATER would look at the results of several recent studies he would find a clear answer to the question he asked in Illinois. He would know that a direct answer has been given at least six different times by leading farm economists or teams of economists, and that in each instance they found that the results of uncontrolled farm production in a free market would be catastrophic.

LEGISLATIVE REFERENCE SERVICE STUDY

There was a study published in the Journal of Farm Economics in August 1958 by Walter Wilcox, farm economist on the staff of the Legislative Reference Service, Library of Congress. Mr. Wilcox concluded that in the absence of price support programs—the programs under which production is controlled and a minimum price maintained in the markets—realized net farm income would have been 20 to 55 percent lower in the years 1937–39, 14 to 43 percent lower in 1940–42, 24 to 34 percent lower in 1943–49, and 28 percent or more lower from 1952 to the date of the study.

Prof. Goeffrey Shepherd and associates at Iowa State University in August 1960 issued a study, Iowa State University Special Report No. 27, which showed that if price supports, production controls, and the conservation reserve were abandoned—in effect, if the American farmer "planted what he wants, when he wants and as much as he wants, taking his chances in the marketplace"—the prices of hogs and cattle respectively would decline to 11 and 12 cents per pound. The price of corn would fall to 66 cents per bushel and wheat would drop to 74 cents. They estimated that net income of livestock producers might go down 50 percent.

AGRICULTURE COMMITTEE STUDY

Using a somewhat different approach, and assuming a continuation of export subsides and the food-for-peace program, economists in the Department of Agriculture and in the land-grant colleges made a study for the Senate Agriculture Committee in 1959, published as Senate Document 77 in January 1960—which indicated that the removal of price sup-

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ports would result in a 46-percent drop in realized net farm income in 1965.

This study indicated that if commodity programs were discontinued, prices of key farm products would be expected to fall to the following levels:

Wheat, 90 cents a bushel; corn, 80 cents a bushel; beef cattle, 15 cents a pound; and hogs, 11 cents a pound.

THE CORNELL STUDY

Professor Robinson, of Cornell University, in a similar study published in Farm Economics, 1960, concluded that even though a conservation reserve of 30 million acres, marketing orders and special distribution programs were continued, if direct price supports and average controls were dropped, net farm income would fall 19 percent. Hog prices would fall to 14 cents a pound, beef cattle to 15 cents per pound, wheat to $1.18 a bushel, and corn to 98 cents a bushel.

PENNSYLVANIA STATE UNIVERSITY STUDY

Professor Brandow, of Pennsylvania State University, in a study for the Joint Economic Committee—committee print, November 1960—estimated that with price supports and production limitations removed, realized net farm income by 1965 would fall to $7.2 billion or 36 percent below the 1959 level. His projections indicated wheat prices would fall to 87 cents a bushel, corn to 77 cents a bushel, hogs to 11 cents a pound, and beef cattle to 17 cents a pound.

IOWA STATE UNIVERSITY STUDY

Professor Heady, executive director of the center for agricultural and economic adjustment, Iowa State University, and his associates reviewed the results of those earlier studies and, using revised and more comprehensive statistics, analyzed the effects on farm income, Government costs, and consumer food outlays of 16 alternative wheat and feed grain programs—Farm Program Alternatives, CAED Report 18, May 1963.

The study is so detailed that only a few of the highlights can be reported here. They conclude that the excess capacity of agriculture in 1960 and 1961 amounted to 7 percent. This percentage of potential output was avoided by diversion and conservation programs or was diverted from commercial markets by domestic and foreign distribution programs.

If that additional 7 percent had been channeled through commercial markets, farm prices would have fallen 28 percent, gross income would have fallen 21 percent, and net income would have fallen over 60 percent.

In other words, the blueprint recommended by the Senator from Arizona, according to this very careful study at one of our great agricultural universities, would result in a drop of more than half of all the net farm income of this country.

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

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from South Dakota yield to the Senator from Wisconsin?

Mr. McGOVERN. I am happy to yield.

Mr. PROXMIRE. These are startling statistics. I am familiar with the studies. Many persons had been under the impression they referred to net income, and that the 25 to 28 percent drop was a drop in that income. This is a revelation, and I think it should be shocking to the American farmer to learn that more than half his net income would be gone.

Mr. McGOVERN. The Senator is correct.

Mr. PROXMIRE. What he had left with which to pay for his living expenses, for his own food and for his other expenses, and to keep his family's head above water—and we know he has very little left now—would be cut by 60 percent, according to this careful and authoritative study by economists and economic experts who, as the Senator from South Dakota says, have no ax to grind.

Mr. McGOVERN. The Senator is absolutely correct. The fundamental test we must keep in mind when we measure the impact of farm programs upon farmers is what they do to net farm income; what the farmer has left after he pays all of his farming expenses.

THE MISLEADING PARITY FIGURE

In recent days, speeches have been made in the Senate deploring the fact that the parity index has fallen to 74 percent. This is a misleading figure, when one considers that the parity index does not reflect the more than $1.5 billion that has been placed in the pockets of farmers through the acreage diversion program, the conservation program, and the wheat certificate program and as adjustment payments on feed grains. Those dollars will buy just as much in the way of food, clothing, education, and health as the dollars the farmers receive from any other source. Those payments are added to the income of the farm producer. So this is a crucial figure. I shall discuss it further a little later.

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

Mr. McGOVERN. I yield.

Mr. PROXMIRE. Is it not also true that in the 8 years before the Kennedy administration took office, the parity index dropped from 101 to 78?

Mr. McGOVERN. That is correct.

Mr. PROXMIRE. Since that time, it has dropped from 78 to 74. So while we deplore the drop—and it is a problem—the Senator from South Dakota makes an excellent correction. But it is also true that the big drop in parity took place between 1953 and 1960.

Mr. McGOVERN. That is correct.

Mr. PROXMIRE. That drop was many times greater than the drop that has taken place in the intervening 4 years, on the basis of annual figures. The drop was far greater before the Kennedy-Johnson administration moved in.

Mr. McGOVERN. The Senator is correct.

With reference to the comments by the Senator from Wisconsin, I wish to add and to stress the fact that the parity figure is a good one only so long as it is applied to a program that depends purely on what farmers receive in the marketplace. But the monthly parity index no longer fully reflects the income situation because we have moved increasingly to other forms of income support. I refer primarily to the diversion payments, the wheat certificate program, and other means that have been adopted which generate farm income which is not reflected or included in the price paid for commodities.

In addition to the 74 percent of parity—and I stress this again—farmers are receiving another $1.5 billion in acreage diversion, certificates and compensatory payments not reflected in the parity index.

EFFECT ON PRODUCTION

The university agricultural economists to whom I have referred, after reviewing the situation with the most comprehensive and up-to-date analytical tools, estimate that within a 2-year period a 10-percent drop in farm prices would bring about only a 1-percent reduction in output. In a 4-year period, a 10-percent drop in prices would be expected to result in a 1½-percent reduction in output. In other words, the reduction in production on the farms would be almost negligible.

The basic price-supply relationships as analyzed by competent economists give the lie to those who say that if Government price-support programs were discontinued, farm families would be able to earn higher incomes within a short time.

NET INCOME WOULD FALL 40 PERCENT

Professor Heady and his associates find in this research work that after allowing for the effect of lower prices on production—if all price supports, diversion, conservation, and export subsidy programs were discontinued for feed grains and wheat—within the next 5 years net farm income would fall by more than $5 billion a year or about 40 percent.

Grain production would increase faster than livestock production could be expanded and carryover stock of grains would have to be increased for several years to avoid an even more chaotic price and income catastrophe.

Let me repeat, this study by Iowa State University economists concludes that if price supports, acreage diversion, and export subsidy programs for wheat and feed grains are eliminated, carryover stocks would have to be increased for several years, yet net farm income would fall by 40 percent.

On the other hand, they conclude, if a combination of price support, acreage diversion, and export subsidy programs are continued, farm income can be maintained at current levels without further increases in Government costs. And to me this conclusion is as important as the eariler one.

CAED STUDY

Another of these studies, bearing out the general conclusions, came from the Center on Agricultural and Economic Development at Iowa State College. Drs. Luther G. Tweeton, Earl O. Heady, and Leo V. Mayer projected probable farm prices in 1967 if we permit unlimited production without price support, but continue to subsidize exports under food

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for peace, continue conservation reserve contracts to their expiration, and with the Government buying at the market price and accumulating stocks of commodities when production of feed grains and wheat exceeds utilization.

The objective economists to whom I have referred, without any ax to grind, by applying the best economic science they could to the problem, have told us that if we remove production controls and price supports, we shall have a drop of $5.7 billion in net farm income by the year 1967. Under this same formula, corn could be expected to drop to 85 cents a bushel, oats to 49 cents, barley to 71 cents, sorghum grain to 73 cents, wheat to 94 cents a bushel, cattle to $15.80 per hundredweight or nearly $6 below 1962, hogs to $13.50, and sheep to $13.50.

The National Plannning Association has recently issued a further study, to which I will refer later, sustaining all the previous investigations of uncontrolled production for a free market.

The results of these various studies, directly answering Senator GOLDWATER's rhetorical statement that there is nothing wrong with the American farmer "planting what he wants, when he wants and as much as he wants, and taking his chances in the marketplace," have been publicized again, and again, and again.

MR. GOLDWATER'S GOAL

It is difficult to believe that the candidate has not at least accidentally opened the CONGRESSIONAL RECORD at an account of one of the studies in view of their repetitious appearance, and that therefore what he is really saying is that he stands on his original position: That many farmers should be forced off the land, that they should be "persuaded," as he put it, to leave the land by being bankrupted.

It is equally difficult to believe, Mr. President, that partisans of the Senator from Arizona, who advocates the withdrawal of farm price supports and letting prices fall to "persuade farmers to enter other fields," should raise low farm prices as an issue in the election campaign when lower prices is their own candidate's goal for agriculture.

I think farm prices are too low. I am dissatisfied with the return to farmers provided in the wheat certificate program for 1965. I am attempting to persuade the administration to announce considerably more liberal certificate payments, at least on export wheat, next year.

Food costs American citizens 19 percent of their income. It is the biggest bargain for this human necessity in any major nation in all the history of mankind.

I regret that those who prepare the budgets in the executive branch chose to enforce economy on the producers of our abundant, low-cost food supply when the 1965 wheat program was being considered. I have suggested that savings might more appropriately come out of the budgets for armaments we already have in oversupply, for building aircraft that won't fly, buying supplies already in stock, or building overly elaborate recreation and club facilities.

But for partisans of the Senator from Arizona, who wants lower farm prices, to argue that agricultural returns are shamefully low, and to use a parity figure no longer indicative of real farm income, is transparent political demagoguery.

FARM INCOME IS UP

The CONGRESSIONAL RECORD has contained a number of speeches recently complaining that the farm parity ratio has dropped to 74 percent of parity—the lowest in a decade. Senator PROXMIRE and I have discussed this briefly, but let me make it clear.

No mention is made of the fact that over $1½ billion of farm income this year will be paid to farmers for diversion of acreage for their wheat certificates and as feed grain payments. There is no mention that these returns are not reflected in the monthly parity ratio.

Their omission makes the parity ratio meaningless as a yardstick of farm income until it is adjusted each yearend.

It is estimated this year that wheat producers will get $35 million acreage diversion payments and $415 million on certificates. Feed grain producers will get $850 million for acreage diversion and $250 million from payments equivalent to 18 cents per bushel on corn—a total of $1,550,000 not reflected in the 74 percent of parity statistic now being cited.

The best yardstick of farm income is farm income itself. There is no political or mathematical sleight of hand involved in the realized net farm income figures.

The total net income of our farmers in the last 4 years of the Eisenhower-Benson administration was $11.7 billions per year.

The total net farm income of farmers in the Kennedy-Johnson administration averaged $12.9 billion a year from 1961 through 1963. Realized net income, which excludes inventory changes, has been up $900 million annually.

That is a substantial improvement in the take-home pay of farmers under the Democratic administration, and it will prove futile to try to tell farm people with more money in their pockets than they had in the fifties that they have less.

INCOME PER FARM

There is an element of statistical misguidance in a second farm income figure frequently cited since the administration of Ezra Taft Benson at the Department of Agriculture. That is the figure on income per farm.

It has gone up steadily for a number of years—including years in the fifties when total net farm income declined—because the number of farmers is declining, and there are fewer farm operators to divide the pie.

To the extent that total net farm income has been increased, we Democrats can take pride in the fact that income per farm in the United States has increased.

It was $2,961 in 1960 under Benson.

It was $3,504 in 1963 under Orville Freeman of the Kennedy-Johnson administration, up $543 per farm.

What do the people who complain about this record propose to do in November? What is the alternative they offer?

We have an incumbent running for Congress in the Western Congressional District in South Dakota who voted against the voluntary wheat certificate plan—and therefore for only 50 percent of parity for wheat, who complains that return from wheat under the certificate plan is too low.

It is too low.

But what does he propose? He tried to kill the voluntary wheat certificate bill and thus throw wheat farmers into a price skid that would drop wheat to $1.25 a bushel with no certificate. He says that wheat farmers will make less under the 1964 program than they made in 1963. But what he fails to say is that the 1964 voluntary certificate program is preventing an additional $950 million drop in wheat income.

He proposes to elect as President of the United States a man who says—and I quote—

> Now there is one specific law I would get rid of and that is the Agricultural Act.
>
> The only way to persuade farmers to enter other fields of endeavor is to stop paying inefficient farmers for produce that cannot be sold at free market prices.
>
> If we allowed a continuation of the normal tendency which has been existing in this country since its founding, that is the drifting away from the small farm, those affected might be more gainfully employed by working for the larger farmers, or by working as mechanics, for example.

Those who complain about low farm prices and advocate the election of a man who wants farm prices to go so low they will bankrupt most of the farm population demonstrates nothing but their low opinion of the intelligence of farmers.

THE RAPID CHANGE IN RURAL AREAS

The past 4 years have produced a constructive record by the Congress and the administration in meeting rural problems. This record has been accomplished in spite of the fact that many city dwellers do not realize the importance of a healthy agriculture to the entire Nation. This creates a serious difficulty for farm program advocates in the Congress at a time when the rural population is becoming a smaller and smaller percentage of the total population.

It could be argued that the problem of agriculture is really the failure of our Nation to deal adequately with the success of agriculture. Rural America has changed with blinding speed. These changes reflect and encompass the rapid advances in the technology and management of farming itself.

Unfortunately, the problem aspects of farming and rural life seems to be much more visible to the naked eye than do the success aspects of farming. Our great abundance is, in reality, a national asset. it is a blessing for a nation not to have to worry about tomorrow's food or next year's crop. As I have already mentioned, the average family buys its food at lower real cost than ever before in any country at any time—only 19 percent of take-home pay.

The magnitude of the agricultural revolution is at least as remarkable as the advancement of automation and cy-

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bernation in our Nation's industrial plant.

The single overpowering fact is a tremendous productive explosion. The principal features of this explosion have been improved crop varieties, more power and machinery leading to better timing of farm and ranch operations, and better farm and ranch management.

Crop production per acre which went up 10 percent from 1940 to 1950, jumped 39 percent from 1950 to 1962. Just about every kind of crop shared in this advance.

Livestock lagged a little behind crops but still scored dramatic increases in production. From 1950 to 1962, production per breeding unit of livestock increased some 27 percent.

With mechanization proceeding rapidly, there have been sharp increases per man-hour in both crops and livestock. Per hour of labor, crop output jumped 70 percent during the 1940's and 97 percent between 1950 and 1962. Livestock output per hour of labor rose 36 percent between 1940 and 1950, and 87 percent in the years 1950 to 1962.

The total man-hours of labor used in farming decreased 26 percent over the period 1940–50, and 40 percent during the period 1950–62. To put it simply, this labor was replaced by farm machinery and by purchased fertilizer, seed, feed, and other inputs. The farmer became less dependent on his own labor, and that of his family, and became more dependent on things he had to buy with dollars. In this way, he became more and more dependent on the market.

Meanwhile, the number of people on the farm declined—to about 7 percent of our total population. And this has had a number of implications—including the obvious one of a decline in political strength.

RURAL COMMUNITIES INVOLVED

Beyond this, though, is the fact that the decline of the rural population has contributed to the difficulties faced by many small towns and rural communities which have since pioneer days depended on farming populations to keep them alive. As a town's hinterland population dries up—its commerce and its public services tend to decline—and this in turn causes a further withering of the rural population.

Certainly, this is a vicious cycle, and one to be deplored by all of us who appreciate the abundance that rural America has given to the world—and the contributions that it has made to the democratic values of our free Nation.

These are matters that have received a grat dal of attention in the past 4 years—under the leadership of President Kennedy and President Johnson. Secretary of Agriculture Orville L. Freeman has attacked these problems with all the vigor that he possesses. The 87th and 88th Congress have a good record of acting to meet the needs of agriculture and rural America.

Senator ELLENDER is to be congratulated for the leadership he has brought to these matters in the Senate. Congressman COOLEY has acted with vision and wisdom in bringing before the House of Representatives many measures of great importance. I think we should congratulate these men—and the many others who have had a part in th 4 years of achievment.

THE KENNEDY-JOHNSON POLICY

President Kennedy in 1962 presented a food and agriculture program for the sixties which laid the broad patterns for a constructive approach to the rural challenges facing the Nation. Under President Johnson—a man of deep personal understanding of farming and ranching—this policy has been strengthened. It is a three-dimensional approach aimed at—

First. Commodity programs designed for the needs of commercial family farm agriculture.

Second. Community programs, which are essential to the full development of opportunity in rural America.

Third. Consumer programs, which serve those who use food and fiber as well as those who produce it.

This administration, in its approach to commodity programs, accepted the premise that commercial agriculture built on the family farm system will continue to be the most productive and desirable system of farming—both from an economic and a social standpoint. Further, it believes that so long as our ability to produce exceeds our ability to consume this abundance at a fair price, we will need commodity programs to protect and stabilize income.

Improved farm programs of the past 4 years have had much to do with the general rise in farm income that has taken place.

INCOMES IMPROVED

During the first 3 years of this administration, mostly as a result of commodity programs enacted since 1961, realized net farm income has averaged $1.2 billion higher and total net farm income which includes changes in inventory has averaged $900 million a year higher than the average of the 1957–60 period. Gross farm income has averaged $4 billion higher, and net income per farm, which was $543 higher in 1963 than in 1960, has averaged $600 a year higher.

Nearly all widely grown major cash crops and classes of livestock brought more cash from farm marketings in 1963 than in 1960.

Farmers are continuing to benefit this year from the new programs enacted by the 87th and 88th Congresses. For the first half of this year, net realized farm income is not much different from last year. This is especially important when you consider that, without the wheat-cotton legislation passed last spring, farmers would already be experiencing a substantial drop in income.

GOVERNMENT HAS SAVED

Since 1961, Congress has enacted programs for feed grains and wheat that have reduced the volume of surplus grain in storage by 30 million tons, at a saving so far of over $200 million in carrying costs. If we had continued the 1960 type of programs instead of new feed grain and wheat programs, another 133 million tons of surplus feed grains and another 500 million bushels of surplus wheat would have been on our hands by this time.

SURPLUS REDUCED

The feed grain program was one of the first acts of the Congress after the Kennedy administration came into office. It reversed the surplus accumulations that had taken place during the 1950's. When the feed grain program was put into effect in 1961, feed grain carryovers had risen to an all-time high of 85 million tons. The feed grain program reversed that trend for 2 straight years. Record yields in 1963 are preventing further reductions in the carryover this year, but it will still be 15 million tons below the 1961 high.

The voluntary wheat programs of 1962 and 1963 made possible a sharp reduction in the oversupply of wheat. These programs—along with aggressive efforts to capitalize on new export opportunities—have resulted in a decline in carryover from the alltime high of 1.4 billion bushels in 1961 to less than 750 million bushels as of August 28.

The 1964 wheat program made it possible to maintain a level of grower income that was in serious jeopardy following last year's referendum. Following that referendum, growers were faced this year with a likely decline of about $600 million in income. This was headed off through enactment of the new voluntary program, restoring between $450 and $500 million in wheat income.

PRICE SUPPORTS RAISED

Adjustments in price supports have also been used to bring higher income to farmers.

In 1961, for example, Secretary Freeman raised the price support on soybeans from $1.85 to $2.30 a bushel—against many criticisms. We got no burdensome surplus—yet farmers over the past 3 years have received $1.5 billion more from sales of their beans than had price and production remained at the 1960 level.

COTTON RETURNS MAINTAINED

For cotton growers, these 4 years have brought a higher level of income, in addition to new legislation that strengthens the entire cotton economy. The last Republican budget—the one President Kennedy found when he came in—projected a price support level of 28.66 cents for the 1961 crop. One of the first moves of this administration was to raise the price support level to 33.04 cents—and this meant a difference of over $300 million to cotton growers for the 1961 crop alone.

The new cotton legislation enacted this spring is quite significant. While the basic support price for the 1964 crop is now 30 cents, compared with 32.47 cents a pound for 1963 crop cotton, small producers and all who plant within their domestic allotments will receive an additional 3½ cents in the form of payments. Meanwhile, our domestic textile industry is benefited in its competition with foreign mills.

BEEF PRICES SUPPORTED

This administration has also moved vigorously to strengthen the beef market and to reduce beef and veal imports. Imports were rolled back to about the

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1959-63 level through voluntary agreements with the major suppliers exporting to the United States. The U.S. Department of Agriculture has also stepped up beef purchases and is cooperating with industry in a vigorous promotion program here and abroad. In addition to exports for dollars, beef is moving overseas under the Public Law 480 program—food for peace.

The actions of Government and industry in stimulating consumption of U.S. beef here and abroad has had a part in the general rise in fed cattle prices since early June. The average price of choice fed steers has advanced about $5 a hundredweight since that time.

The necessity for commodity programs to help in managing overproduction has been proved a number of times by independent groups outside the Department of Agriculture—and the consensus is remarkable.

NATIONAL PLANNING ASSOCIATION'S STUDY

Here is an example, the most recent study of the effect on farm programs:

In June of this year the Agriculture Committee of the National Planning Association proposed a national farm program for feed grains and wheat. This is an independent committee, not tied to any farm, or commodity, or political organization. Its chairman is one of the most respected editors and authors in the farm belt—Lauren Soth, of the Des Moines Register and Tribune. The chief economist of the American Farm Bureau Federation as well as the legislative director of the National Farmers Union are members.

"Sound national management of our grain industry." The NPA Committee emphasized, "is the most important single element of a sound national food and agriculture policy."

The committee examined three choices:

First. Unrestricted production, with no Government payments or price supports going to farmers.

Second. Compulsory production control, and.

Third. A voluntary crop acreage restriction program, with payment incentives for participation and price support loans.

This independent policy group, in comparing costs and benefits of the three types of action, wasted no time in dismissing the first choice, which is Mr. GOLDWATER's current choice. It explained:

> A study by Iowa State University and Oklahoma State University concluded that, with unrestricted grain production, net farm income would decline from $13.3 billion in 1962 to $7.6 billion in 1967. This calculation was made under the assumption that the Food for Peace program, export subsidies, and a modest grain storage operation would continue. It was also assumed that other Government programs in food and agriculture would be unchanged.
>
> The cost of Government programs for feed grains and wheat would decline from about $2.5 billion a year to $1.2 billion, and the total cost to the public for food would be slightly lower. However, this gain for consumers would be at the expense of extreme hardship among farmers—a 40-percent decline in net farm income below the current level. It would risk severe damage to the farming industry, bringing unfavorable consequences to the productivity of agriculture in the long run.

That ends the National Planning Association quotation. Everyone—or perhaps in deference to Senator GOLDWATER, I should say everyone in the mainstream of opinion—agrees that commodity programs are essential not only to farm welfare, but to the national welfare. And even Mr. GOLDWATER advocated this view briefly.

THE FARMER COMMITTEES

I should not leave the subject of commodity programs without mentioning an institution that is essential to their administration. I refer to the Farmer Committee System.

This Administration has reversed the previous downgrading of committeemen, put nominations for these posts back in the farmers' hands, and gives them more responsibility, as in the making of price-support loans. Now a new law we have passed within the month provides for 3-year staggered terms for committeemen and for election of the county committeemen by all the community committeemen. To help them do important work well, a strong in-service training program was developed in every State.

CROP INSURANCE EXPANDED

Another action to aid the family farm is the doubling of the coverage of Federal crop insurance. Insurance is now offered on 13 different crops, being available on one or more crops in about one-third of the Nation's agricultural counties. Congress only recently completed action to permit extension of crop insurance to 150 new counties each year instead of 100.

THE COMMUNITY AID PROGRAM

May I turn now to the community development aspect of the Food and Agriculture Program for the sixties.

For many years the Nation's efforts to solve agriculture's problem have focused largely on the problems of various farm commodities. Only recently, have we started to cope effectively with the human problems of people on submarginal farms, to assist communities which need to diversify their economic base if they are to survive, to move against the widespread cancer of poverty in rural America, and to think of the growing needs of families and individuals in cities and suburbs for land and water and space where they can live more abundantly.

This administration has set out to meet some of those needs through a variety of approaches, particularly through a nationwide Rural Areas Development effort. Before 1961, RAD was a kind of pilot program—and a poor relation at that. Since that time, it has enlisted nearly 100,000 persons serving on local RAD committees in 2,100 counties in the country. This compares with 300 counties which in 1960 were involved in the pilot phase.

RAD will be strengthened by the Economic Opportunity Act. This new legislation will enable the local committees to broaden and intensify their attacks on rural poverty.

Already, with the help of new tools provided by Congress since 1960, local RAD leaders completed projects creating an estimated 212,000 nonfarm jobs in rural America—and some 148,000 additional jobs were created as an indirect result. These new tools included the Area Redevelopment Act, the Accelerated Public Works Act, the Manpower Development and Training Act, and the Food and Agriculture Act of 1962.

With the help of Congress, USDA agencies have broadened and strengthened their services.

The Farmers Home Administration is now making water system loans to communities and housing loans to senior citizens. Loans of all kinds in each of the last 3 fiscal years have run well over double the level of the 1960 fiscal year. In the last 4 fiscal years, FHA has loaned about $2.5 billion—compared with about $1.2 billion, which would have been loaned under a continuation of the 1960 level.

Some 254,000 rural Americans today have access to modern water systems in 460 rural communities because of water system loans made by the Department during the past 3 years. More than 49,000 rural families, including 2,700 elderly persons, built or remodeled their homes through new or expanded programs since 1960.

RURAL ELECTRIFICATION EXPANDS

Rural electrification loans are serving more than 100,000 new rural consumers each year. Rural electric cooperatives, with expanded loan programs since 1960, have improved service while lowering their power costs by $2.5 million this year.

Since mid-1961, at least 937 commercial and industrial enterprises have been launched with help from the rural electric co-ops. These enterprises represent a total investment of three-quarters of a billion dollars. The number of new enterprises launched during 1963 was 25 percent greater than in the preceding 18 months.

CONSERVATION SPEEDED

Conservation programs have been stepped up.

In the past 4 years, the number of small upstream watershed projects authorized for construction has almost doubled the total of the preceding 6 years.

Some 396 projects—with about one-fourth of them providing either recreation, community, and industrial water supplies, or wildlife preservation—have been approved for construction.

Conservation programs have a new emphasis on recreation and other income-producing uses for land no longer needed for crop production. More than 20,000 farmers—many with USDA help—have developed outdoor recreation as another source of income for themselves and enjoyment for city people.

The development rate of national forests has been doubled and the authorization for forest roads and trails has tripled. In the past 10 years, recreation visits to the national forests have increased from 35 to 135 million—which is the estimate for the 1964 calendar year.

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CONSUMERS AIDED

The third dimension in our agricultural policy—consumer programs—aims at making better use of our abundance—both at home and abroad. It also is directed at protecting consumers through strengthened inspection and grading, and by helping to make more efficient the marketing system.

More than 6 million elderly, handicapped, and other needy people were helped through food distribution programs in 1963. We distributed 1.9 billion pounds of food. That is nearly double what was distributed in 1959–60—besides being better rounded out as to quality and variety.

Sixteen million youngsters are benefiting from school lunches. Another 14 million are sharing in distribution of 2.9 billion pints of milk. Some 4.5 million more children received school lunches in fiscal year 1964 than the average for 1956–60. In the special milk program, milk was provided in 30,000 more schools and child-care institutions in 1964 than in 1956.

The pilot food stamp plan has proved that this means of sharing food abundance means better diets, better income to farmers, and improved business for retailers. In a survey of pilot communities, it was found that the food stamp program stimulated retail grocery sales by an average of 8 percent.

The expanded food stamp program will make it possible to bring better diets to low-income families—especially families needing a greater variety of foods for an adequate, healthful diet. The pilot program has been operating in 43 counties of 22 States—serving 380,000 people. The new permanent legislation removes the area limitation.

EXPORTS AT RECORD LEVEL

Exports have also been expanded.

We are exporting the produce of 1 acre out of every 4. In the case of wheat, it is one out of three. Total farm exports set an all-time record for the fiscal year ending last June 30, topping $6 billion.

Some of that was for soft currency, but $4.6 billion of it was for dollars and the big increase in total exports occurred in dollar sales. Contrast this with dollar export sales averaging only $2.6 billion in 1955–60.

The export record of the past year represents the contributions of Government and industry. The U.S. Department of Agriculture is today engaged in an aggressive market-promotion partnership with 44 separate agricultural producer and trade organizations reaching into 67 countries.

The 1963 Trade Expansion Act makes possible a continued expansion of trade to benefit American industry and agriculture. The authority of the Trade Expansion Act continues to be used aggressively toward the achievement of expanded trade in industrial and agricultural products.

FOOD FOR PEACE

Food for peace now helps 114 countries and territories throughout the world—providing hundreds of millions of people with food that would otherwise not be available to them. Five 10,000-ton ships leave American ports every day carrying food-for-peace cargoes. U.S. food donations will provide school lunches for some 40 million children in friendly countries this school year.

Food has also been made a vital tool in foreign economic development, enabling developing areas to use U.S. food to aid in the construction of roads, schools, public buildings, and many other works. Food-for-wages programs under title II of Public Law 480 alone are underway in 22 countries of the world—giving employment to 700,000 workers.

In less than 4 years, the Kennedy-Johnson administration has achieved a broad range of improvements in meeting the problems of change that affect agriculture and rural America.

CONGRESS' RECORD

I know that President Johnson and the officials of his administration appreciate the accomplishments of these last two Congresses—without which, this kind of progress would have been entirely impossible.

There are those who are now attempting to distort the agricultural progress of the past 4 years by using an unadjusted parity ratio figure, which stands at 74 percent only because one and a half billion dollars of payments income is now excluded from the calculation. I would like to suggest to these persons that they could better devote their thought, time, and energy to developing a constructive program for their candidate, and developing support within their party for such measures in the Congress, instead of almost total opposition.

THE REPUBLICAN RECORD

In 1961, in the House of Representatives, Republican Party members voted 161 to 4 against the feed grain bill. In the Senate, they voted 26 to 8 for an amendment to kill the feed grains provision.

In 1962, they voted 167 to 1 in the House and 30 to 2 in the Senate against needed omnibus farm bills proposed by the administration.

In 1963, the House Republicans voted 167 to 1 and the Senate Republicans 28 to 3 against the administration's voluntary feed grains bill.

In 1964, the Republican vote was 167 to 10 in the House and 21 to 5 in the Senate against the voluntary wheat-cotton bill.

I have great respect for the handful of Republican Members of Congress—the tiny minority—who have supported the farm bills. I hope they will use their persuasive powers to win their candidate for the Presidency over to a more constructive position—to eliminate his present zeal to liquidate the bulk of our farmers.

If they cannot do so, then I recommend to them the honest and courageous course taken by the Senators from New York as a consequence of the civil rights issue. They cannot effectively advocate a solid farm program in the Halls of Congress and on the campaign hustings and then urge the election of a Presidential nominee who is determined to end the farm program.

Real progress has been made for farmers and rural America in the past 4 years. Far more can be made in the next 4 years after rural America has registered its overwhelming disapproval of a farm policy which, we are already warned, will mean catastrophe to food and fiber producers.

Mr. PROXMIRE. Mr. President, I congratulate the Senator from South Dakota [Mr. McGOVERN] on his excellent speech on reapportionment. Unfortunately, I was occupying the chair of the Presiding Officer earlier and was unable to comment when he concluded that part of his remarks. It seems to me that his speech went to the crux of the problem, particularly his treatment of the relationship between Congress and the Supreme Court.

When the Senator said that what has happened in connection with the Dirksen-Mansfield proposal calls into some question the reputation of the Senate as the greatest deliberative body in the world, was he referring to the fact that no hearings, no hearing record, and no committee consideration whatsoever have been given to the Dirksen-Mansfield amendment or to the Tuck bill?

Mr. McGOVERN. The Senator is correct. In the first instance, I said that the Dirksen-Mansfield amendment was ill advised, and that it is always somewhat dangerous to launch into a direct attack on the courts; but when it is done in the kind of haste that has been demonstrated in the Senate, it is all the more deplorable.

Mr. PROXMIRE. I should like to call attention to one fact that has already been mentioned, but I wish to emphasize it. There has been this immediate value of the discussion that has been engaged in by the Senator from South Dakota and other Senators so far; that is, Senate deliberation has helped win a dramatic and drastic change in the attitude of Members of Congress. The vote on the Tuck bill was one clearly significant and really startling change, from a decisive victory in the House to a crushing defeat in the Senate, obviously because of the debate and deliberation that has taken place in the Senate.

Mr. McGOVERN. If I may interrupt the Senator, I said in my opening remarks, in paying tribute to him—I believe he was engaged in a conference at the time with the Senator from Illinois [Mr. DOUGLAS]—that we are all indebted to the Senator from Wisconsin and the Senator from Illinois, and other Senators, for alerting the Senate and the Nation to the danger involved in this proposal.

I am deeply grateful to the Senator from Wisconsin that he was alert to see the danger of the Dirksen amendment and gave some of the rest of us time to catch up with him in his awareness of what is at stake.

Mr. PROXMIRE. What the Senator from Wisconsin was emphasizing was the great function of the Senate to deliberate. Time was taken and days were consumed—a few days, really; but some days were consumed—in analyzing and discussing the implications of this meas-

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ure. This met the standard for deliberation which the Senate has won.

I invite the attention of the Senator from South Dakota also to the fact that whereas 2 weeks ago it was considered that the Javits-McCarthy amendment would have been crushed—I heard leaders on the other side of the aisle say that it would be pulverized; the votes that would be obtained for it would be scattered—the fact is that it came within one switch, or two votes—one Senator switching—of a tie vote, on a 42 to 40 vote.

Also, in spite of the fact that time has elapsed since we started discussing this question, so many others have come up that actually there has been only a relatively few hours of debate on it.

Yesterday, we came out within a hair's breadth of knocking out the Dirksen-Mansfield amendment with a substitute, which in the judgment of most Senators would not have called the Supreme Court's jurisdiction into question in any sense, would not have questioned judicial review, and would have resulted in a settlement of the matter which certainly would not have been satisfactory to many of us but would have been a vast improvement.

Mr. McGOVERN. Is the Senator suggesting that perhaps with 2 or 3 more days of education on this issue we may be able to pass some legislation?

Mr. PROXMIRE. Yes, indeed. The Senator from Illinois [Mr. DIRKSEN] has emphasized the notion that there are not many Senators in the Chamber during debate. We have been kind and considerate in not asking for live quorums. This is usually done with anything like a filibuster, but we have considered the position of all Senators on this question and have relied on their study of the CONGRESSIONAL RECORD, reading reports in the newspapers, and holding conversations with other Senators and other officials to persuade them—on the basis of the speech just made by the Senator from South Dakota [Mr. McGOVERN], and the fine speech along quite different lines which was delivered by the Senator from Michigan [Mr. McNAMARA]—that we are going to win additional adherents. It will not take much now. We are so close to victory. We shall win. On the other hand, our opponents are about as far from getting cloture as they can be. They obtained 30 votes for cloture the other day. We obtained 63 votes against, which must be a record crushing of a cloture motion.

The Senator's speech, it seems to me, was particularly appropriate and useful because he did, as I say, go into the crux of the situation: In the first place, the confrontation by Congress of the Court. He coined a remarkable apt phrase for this butting in: "The directed verdict." What could be worse in continuing our system of government with the separation of powers than to provide that the Congress can direct the verdict of the Court. Obviously, it would destroy the whole function of the Court as the supreme arbiter. One of its prime functions is to review acts of Congress to determine their constitutionality.

The Senator's phrase was excellent. That is just what this Dirksen amendment is, a directed verdict.

Then, the Senator from South Dakota pointed out what I believe has been overlooked by many commentators and by others, that this would suspend the individual constitutional right—prevent a basic constitutional right. Many people have commented that they found not much evil in the Dirksen-Mansfield amendment, including Walter Lippmann. They have overlooked what the Senator has stressed: That it would suspend an individual constitutional right.

The final point I wish to make is that the Senator from South Dakota was particularly persuasive when he emphasized that political equality is the basis of our democracy, and that what the Dirksen-Mansfield amendment would do would be to suspend action of the Supreme Court until this political equality, or any real chance for it, could be destroyed.

When we take these three steps together, they really go to the heart of the problem. Those speeches—together with the excellent speech made by the Senator from Montana [Mr. METCALF]—I believe are two of the finest speeches I have heard in a long time on this subject. They are two of the best, on the relationship between Congress and the Supreme Court.

Mr. McGOVERN. I thank the Senator from Wisconsin for his generous words. They are especially appreciated because he is one of the real students in the Senate on the problem that is now pending before us.

FOOD FOR PEACE IN YUGOSLAVIA AND POLAND

Mr. McGOVERN. Mr. President, the Senate and House bills extending one of this country's most effective instruments in the field of foreign policy, the food-for-peace program, will soon be considered by a conference committee of our two Houses. The food-for-peace program has been such an effective instrument because it enjoys the happy distinction of conferring important benefits upon both the United States and the recipient countries.

This program, almost more than any other program in which our country is participating, blends self-interest with practical humanitarianism.

We are all fully familiar with the most obvious of these benefits. The use of otherwise surplus production from our great agricultural base helps developing or stricken countries to meet the needs of their people for food and fiber. The savings to our taxpayers in storage charges, the strengthening of our domestic agricultural prices and the new business provided for transport and other business enterprises in the United States help our own people, while the image and reality of American abundance and efficiency in agricultural production serve to advance our foreign policy abroad.

In its action on the food-for-peace extension voted on September 3, however, I fear that the House of Representatives has overlooked an important foreign policy consideration related to this program. By its amendments to section 107 of the food-for-peace program, the House of Representatives has made it impossible for the United States to continue this program in two of the most strategically located countries of the world—Yugoslavia and Poland.

We all know the basic argument of those who oppose any policy favoring better relations with Yugoslavia and Poland. They say it is inconsistent to follow positive policies toward certain Communist countries while opposing other Communist countries such as Red China and Cuba. I submit that there is no valid basis for this argument because there is no real inconsistency.

When our interests have been threatened by aggression or subversion from Communist China, Cuba, the U.S.S.R., or any other Communist country, we have taken whatever measures necessary to safeguard our security interests. When these threats have not been present and where circumstances are favorable, we have exploited opportunities to expand relations with Communist countries in order to make our presence and influence felt within them—in their own back yards, so to speak.

The objectives of this policy of peaceful engagement have been to lessen the danger of conflict and temper the fanatic commitment to the ideological goals of the Communist extremists. In the last 2 or 3 years, there is some evidence that even the Soviet Union is beginning to free itself from blind ideology and to view the world and its own society in somewhat more pragmatic terms. In Yugoslavia and Poland, however, this development has been going on for many more years, and it is not unreasonable to think that the Yugoslav and Polish examples have significantly influenced the other countries of the Soviet bloc, including the U.S.S.R. itself. The United States and other Western countries have long recognized and supported these trends.

Yugoslavia provided the first opportunity to help drive a wedge into the monolithic world Communist movement dominated by the Soviet Union. Yugoslavia's refusal to tolerate Soviet domination was a windfall to U.S. interests. As a calculated risk we supported Yugoslavia's efforts to maintain its independence. We extended our influence behind the Iron Curtain. Our support enabled the Yugoslav nation to sustain independent foreign and internal policies which still make the Yugoslav system the major challenge to Communist orthodoxy.

Following the Polish events in 1956 which brought Gomulka to power, the United States took advantage of still another opportunity in Eastern Europe. The Gomulka government expressed its desire to reestablish its ties with the West and simultaneously introduced certain liberalizing measures at home. Here again the United States and its Western allies took account of these developments and did what they could to encourage this trend.

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In carrying out our policy of supporting Yugoslav and Polish bids for independence and for closer relations with the free world, the administrations of Presidents Eisenhower, Kennedy, and Johnson used the food-for-peace program as an essential instrument of policy. This program has demonstrated the real interest and concern of the United States for the welfare of the peoples of Eastern Europe. It has helped greatly to provide Yugoslavia and Poland with an alternative to economic dependence on the Soviet Union and the means for taking certain liberalizing measures internally. The operation of this program in Yugoslavia and Poland has fostered greater contacts between the peoples of these countries and the United States and these contacts in turn have enabled pragmatic and humane influences to reinforce national aspirations for abandonment of the extreme authoritarian features of Soviet-style communism.

The examples of Yugoslavia and Poland in effect were the earliest challenges to world Communist unity dictated by Moscow which had been a vital feature of the world Communist power. The evolution of both countries from replicas of the Soviet Union to countries enjoying fruitful contacts with the West and working out their own foreign and domestic policies has had a significant influence for other countries within the Soviet bloc. The examples of Yugoslavia and Poland have thus strengthened the forces of independence and nationalism which have now become the dominant features in Eastern Europe. It is clear that this is not the time to abandon our involvement within the heartland of Communist power—to walk away from the competition.

For these reasons, Mr. President, I would strongly urge that no amendments to the food-for-peace legislation be enacted which would in any way tie the hands and cripple the ability of the President to continue to use this instrument flexibly to achieve the objectives of our foreign policy in Eastern Europe.

(At this point Mr. YOUNG of Ohio took the chair as Presiding Officer.)

Mr. McGOVERN. Mr. President, I have prepared an analysis of this particular part of the food-for-peace issue and together with some supporting documents and news items, I ask unanimous consent that they be printed in the RECORD.

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

PUBLIC LAW 480 IN YUGOSLAVIA

It should be noted that our Public Law 480 program in Yugoslavia has shifted significantly from softer to harder terms in recent years, so that the dollar income which will accrue to the United States from the program has risen considerably. Since fiscal 1962 title IV dollar repayment has been a standard feature in our Yugoslavia Public Law 480 programs. In that year, the proportion of title IV in the total of title I and title IV sales agreements was 15.6 percent. In fiscal 1963 the proportion was 15 percent, and in fiscal 1964 it increased to 72 percent. In the fiscal 1964 program, furthermore, a significant move toward commercial sales was made by requiring repayment by the end of 1968 of an estimated $19.7 million plus interest at 4.18 percent for wheat sold under title IV. In addition, the 1964 program provided for retention by the United States for its own uses of 15 percent rather than 10 percent of the title I local currency sales proceeds, from which the equivalent of $550,000 is to be converted into dollars for U.S. Government uses over a 3-year period and about $364,000 is to be converted into other nondollar currencies to finance U.S. agricultural market development in other countries. Both United States and Yugoslav officials are in agreement that the trend away from title I and toward more commercial terms should be maintained to the extent that the Yugoslav balance-of-payments situation and U.S. interests in supporting further liberalization in the Yugoslav system permit.

[From the New York Times, Sept. 11, 1964]

RUSK IS OPPOSING TWO HOUSE PLANS TO CURTAIL AID TO EASTERN EUROPEANS

(By M. S. Handler)

WASHINGTON, September 10.—Secretary of State Dean Rusk urged today the elimination of two House proposals that in the opinion of Government officials would destroy foreign-policy aims in Eastern Europe.

The House proposals would amend Public Law 480, which provides for the sale of Government surplus foodstuffs to friendly countries for local currencies. In recent years, the U.S. Government has prevailed upon Poland and Yugoslavia to increase their commercial imports from the United States substantially.

One amendment, proposed by Representative PAUL FINDLEY, Republican, of Illinois, would exclude Yugoslavia and Poland from the definition of "friendly countries," and would deprive them of eligibility for aid under Public Law 480.

The other amendment, offered by Representative PAUL G. ROGERS, Democrat, of Florida, would also exclude them on the ground that their ships and aircraft are engaged in trade with Cuba. The amendment by Mr. ROGERS would affect Greece, Lebanon, Morocco, Cyprus, and Liberia for the same reason.

Government officials said the proposed amendments, by eliminating Yugoslavia and Poland, would terminate a major contribution of the United States to national independence movements in Eastern Europe and to the loosening of Soviet control over the Communist Parties and government policies in the area.

Government officials were particularly exercised about the exclusion of Yugoslavia, because they are convinced that the policy of independent communism adopted by President Tito in 1948 has spread throughout Eastern Europe, and that the effects may be seen today in Rumania, Hungary, and Poland. They also believe that traces of Yugoslav policy may be seen in the changes in the Soviet Union.

Government officials attributed these recent successes to Marshal Tito in stimulating independent Communist movements that led to the breaking of Soviet control:

The liberalization movement in Hungary led by the party leader, Janos Kadar, a former protege of Marshal Tito.

The independence movement in Rumania.

Marshal Tito's unpublicized close relations with Palmiro Togliatti, the Italian Communist leader, who secretly defended Marshal Tito against Stalin, and whose own ideas against a monolithic communism directed from Moscow paralleled those of the Yugoslav leader.

Mr. Togliatti's memorandum, made public after his death August 21, which bore many traces of Tito-Togliatti ideas shared in common.

Officials said that taking into account Poland's difficult geographical position, Wladysslaw Gomulka, the Polish leader, had made a maximum effort to assure Poland's independence while the country is allied to Moscow, and that American aid had played an important role in helping him through economic crises.

Officials interpreted the recent moves of the Rumanian and Hungarian Governments to improve their trade relations with the United States as further evidence of the success of American policy in Eastern Europe. They contend that the stronger the ties of the Eastern European Communist states become with the United States and other Western countries, the looser their ties with the Soviet Union.

Economic assistance to Poland and Yugoslavia has permitted the regimes in those countries to relax their internal controls and to return, to a degree, to a more relaxed relationship between the citizen and the state.

PUBLIC LAW 480 AGREEMENTS AS A VALUABLE WEAPON IN ACHIEVING OBJECTIVES IN EASTERN EUROPE

The Public Law 480 agreements have been the principal instrument in the hands of Presidents Eisenhower, Kennedy, and Johnson to advance our foreign policy objectives in Poland and, indirectly, in all of the Soviet bloc countries of Eastern Europe. The primary objective has been to bring the Eastern European countries closer to the free world. By building carefully and painfully the special United States-Polish relationship through the judicious use of the Public Law 480 tool, we have created an example for the other Soviet bloc countries of the type of relationship they might hope to have with the United States under certain circumstances.

The United States has demonstrated its willingness to cooperate with those Eastern European countries seeking closer ties with the United States and showing greater degree of independence from Soviet domination. The stirrings in Eastern Europe in the past year or two, increasing assertions of national autonomy—most notably in Rumania—have been nourished by U.S. policy toward Poland.

PUBLIC LAW 480 AGREEMENTS HAVE ENCOURAGED DESIRABLE CHANGES IN POLAND

U.S. policy toward Poland since 1956 has been dedicated to foster and to encourage greater freedom of action in Polish foreign relations and a more liberal internal atmosphere. In carrying out this policy the United States began to sell surplus agricultural commodities to Poland under Public Law 480.

Since the Gomulka regime came to power in 1956, Poland has asserted a measure of autonomy which, until recent actions by Rumania, had been unique within the bloc. The program of agricultural collectivization was reversed so that today more than 85 percent of the arable land is privately held. Basic freedom of worship is possible for Roman Catholics who make up 95 percent of the population. Oppressive police practices have been moderated. Polish policy since 1956 has reflected strongly the nationalist sentiments and Western orientation of the country and has sought greater economic and other ties with the free world.

The importance of contacts between the Polish people and the West are indisputable, and they are of particular value during this time of stress and change within the Communist world. Our special police toward Poland since 1956 has been designed to increase these contacts and it has achieved considerable success. The VOA is not jammed. We operate an information program in Poland. We have established a consular office in Poznan—the only office maintained by this Government behind the Iron Curtain outside of the respective capital cities. We are able to meet with the Polish people, and we are able to put for-

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