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further impoverishes the masses there, has been kept to a modest 14.1 percent increase by López Mateos. At the same time, he has raised wages 96.7 percent. Both facts, plus a worker's profit-sharing program he introduced, have increased the average Mexican's real purchasing power (although per capita income remains relatively low).

In addition, the Mexican worker and peasant have made big social strides under the present administration. Three times as many of them are covered by social security as in 1958. Increasing numbers are receiving low-cost housing—introduced on a large scale during this Presidential term. Illiteracy has been cut to a record low of only 28.9 percent. Mortality is down to only 9.6 per 1,000, while longevity has reached 64 years (compared with 35 in many Latin countries).

All of these social and economic gains have been made without straining the country's finances or credits. On the contrary, its internal and international financial position is sounder than at any time in the past half century. López Mateos leaves behind a record \$549 million in foreign reserves, backed by another \$345 million available in the International Monetary Fund, and a reputation in world financial markets so high that foreign financiers scramble over each other to offer Mexico credits.

Above all, he kept Mexico's unit of currency, the peso, firm at 12.50 to the dollar—a rate it has maintained consistently for a decade. And, to complete this part of the story, he reduced Mexico's chronic unfavorable trade balance to economically tolerable proportions.

If asked what he thought was his most important single accomplishment in 6 years, López Mateos' own answer would probably be that he has distributed to the peasantry more than one-third of the total amount of land they had received from all his revolutionary predecessors since the agrarian reform began in 1915. It amounted to some 35 million acres, compared with 95,700,000 up till 1958.

The broader significance of that act is that it virtually ends the first, and most fundamental phase of the agrarian reform, division of the land, and makes possible the fullest concentration upon the next phase (already begun): the complete modernization of Mexican agriculture through universal application of technology and efficient farming methods.

American circles here were disappointed when López Mateos delivered a eulogy to John F. Kennedy, in his final message to Congress, without mentioning that which the late President himself had regarded as the most important program of his administration: the Alliance for Progress. The omission left the impression that the Alliance has played no role in Mexico's great progress, whereas the truth is that she has received more than \$800 million in Alliance funds—\$650 million of it from the United States—since January 1961.

Cuba has been, of course, López Mateos' hair shirt, as it was the late President Kennedy's, but for a different reason; he held to the position that any effort to isolate or punish Castro would constitute intervention, while tolerating the very real and direct intervention of the Soviets. That position was reaffirmed in his September 1 message.

Now, however, that Uruguay has become the last Latin republic to break off relations with Castro, in compliance with the majority sanctions vote at the American Foreign Ministers meeting on July 26, the price of López Mateos' inflexibility has been the complete isolation of Mexico. She alone, among the American States, continues to maintain diplomatic relations with Havana; she alone has refused to accept the decision of the great majority of the American States.

Though the Mexican attitude toward Castro has naturally irked our Government, it has not been permitted to affect United States-Mexican relations, which are the most cordial both nations have ever enjoyed. When the Chamizal territory is formally turned over to Mexico later this month, that will remove one of only two remaining sore spots between the neighboring countries.

The only serious problem that will be left, said López Mateos in his last state-of-the-union message, is that of the saline water from the Colorado River which enters northwestern Mexico and damages the crops there. That is in violation of a 1944 bilateral treaty.

But both nations have been working to resolve the problem amicably, and hope to do so before long. Would that other neighbors had equally serious problems.

USE OF AUTOMATIC DATA PROCESSING EQUIPMENT BY FEDERAL DEPARTMENTS AND AGENCIES

Mr. McCLELLAN. Mr. President, I ask unanimous consent to speak for 20 minutes.

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

Mr. McCLELLAN. Mr. President, I have today released a statement with reference to proposed legislation introduced in the present Congress directed toward the improvement of Federal policies governing the lease, purchase, and coordination of automatic data processing equipment and systems, and I ask unanimous consent to have it printed in the RECORD.

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

Senator JOHN L. McCLELLAN, chairman of the Senate Committee on Government Operations, today announced that the committee expects to take up bills relating to Federal procurement and use of electric computers when the new Congress convenes in January 1965. The principal bill is H.R. 5171, introduced by Representative JACK BROOKS, chairman of the House Subcommittee on Government Activities, which passed the House of Representatives on July 18, 1963. President Lyndon B. Johnson has indicated that he supports the enactment of legislation designed to bring about greater efficiency and economy in the policies and practices of Federal agencies which employ electronic computers in their operations.

Senator McCLELLAN said that the committee would go into the problems of electronic computer procurement and utilization thoroughly before reporting out a bill. He noted that President Kennedy, at the suggestion of the House Post Office and Civil Service Committee, has directed the Bureau of the Budget to make a comprehensive study of automatic data processing in Government operations, and that the Bureau is expected to present its findings and recommendations to the President and the Congress within a few weeks. Senator McCLELLAN also indicated that the committee will consider the recommendations contained in various reports of the Comptroller General of the United States for strengthening electronic computer management and reducing costs.

The chairman stated that the committee will seek the views of Members and committees of the Senate and the House of Representatives, the executive branch, and representatives of private industry on these matters.

Senator McCLELLAN noted that the number and variety of electronic computers leased

or purchased by Federal agencies has increased very rapidly in recent years and that about 1,800 computers are presently in use while plans are underway to obtain hundreds more. The annual operating costs of ADP equipment in place have risen from \$251 million in 1959 to an estimated \$1,053 million in the 1965 budget. The equipment is used in a great variety of operations ranging from complex scientific calculations to the maintenance of insurance and payroll records. While computers have contributed significantly to the efficiency and productivity of many Government operations, they present novel and difficult management problems. The equipment is expensive, it is subject to obsolescence due to rapid improvements in technology, it requires highly trained technicians, and its introduction has raised new problems of manpower utilization in the Government.

Senator McCLELLAN said that the committee is aware that constructive steps have been taken to deal with these problems by such agencies as the Bureau of the Budget, the General Services Administration, the Civil Service Commission, and the operating agencies. He noted that the committee has assurances of full cooperation from the executive branch in the forthcoming hearings.

The committee staff, headed by Walter Reynolds, has been instructed by the chairman to begin a review of the Bureau of the Budget's study as soon as it is available.

Mr. McCLELLAN. Mr. President, the bill, H.R. 5171, to authorize the Administrator of General Services to coordinate and otherwise provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing equipment by Federal departments and agencies, was approved by the House of Representatives on July 18, 1963, and referred to the Senate Committee on Government Operations for consideration. This bill was based upon recommendations of the Comptroller General, that a Government policy should be established providing for the purchase of automatic data processing equipment, rather than the prevalent program of leasing such equipment primarily designed to meet the individual requirements of each of the Federal agencies.

I wish to submit the following general background data of prior congressional studies and actions which relate to this proposal, for the information of the Senate. This history of congressional consideration given to the problems involved in this most important area, and the further facts developed by the Committee on Government Operations and its staff, sets forth full details as to why the committee was unable to recommend action on H.R. 5171 or similar legislation in the 88th Congress.

Prior to the introduction of this proposed legislation, various committees of the Congress held hearings and devoted studies of considerable length into the problems relating to the development of automatic data processing systems, directed primarily to research and development programs and to the retrieval of scientific and technological information.

The Senate Committee on Government Operations has been interested in automatic data processing, particularly as it relates to assembling, translating, ana-

lyzing, abstracting, and disseminating scientific and technical information, as far back as the 80th Congress. At that time, the committee considered a bill, S. 493, to provide for the coordination and dissemination of technical and scientific information in the Office of Technical Services, through the use of automated retrieval systems. After hearings, which continued for 10 days during May 1947, the committee reported an abbreviated bill which was approved by the Senate but no action was taken in the House of Representatives. In the 81st Congress, a substitute version of S. 493, as originally introduced, was approved as the Technological and Scientific Act of 1950, on September 9, 1950.

In the 85th Congress, following extensive staff studies initiated in August 1957—before sputnik was launched—a committee bill, S. 3126, the Science and Technology Act of 1958, was introduced on January 27, 1958. Along with provisions for the establishment of a Department of Science and Technology, and standing major Committees on Science and Technology in the House and Senate, the bill proposed the expansion and coordination of existing science information processing programs, utilizing all facilities of the Federal Government then vested in agencies which performed related functions. It also provided for the undertaking of the establishment of facilities to further scientific, engineering and technological research as well as aiding in the development of inventions, discoveries, products, processes, and techniques.

The committee staff was specifically directed to conduct a broad study of the problems then existing in the operation of Federal programs in the field of science and technology, including the utilization of ADP equipment. The committee approved staff studies which recommended, among other essential steps that would be required to perfect the science and technological activities of the Government, that it would be necessary to coordinate and improve the then existing facilities for automatic retrieval of scientific and technological information in connection with our defense effort.

In May and June of 1958, the Subcommittee on Reorganization, of which the Senator from Minnesota [Mr. HUMPHREY] was chairman, held hearings in order to evaluate the six basic proposals contained in S. 3126 and another bill, S. 4039, which authorized the expenditure of funds through grants for the support of scientific research. These hearings were directed primarily at compiling information relative to existing facilities available for assembling, coordinating, retrieving, and distributing scientific information. All witnesses stressed the importance of improving these facilities through the utilization of the latest technical equipment and coordinated systems as developed by the industry. Although this bill was never considered by the Senate in its entirety, a number of its objectives were adopted by separate actions in the 85th and subsequent Congresses, some of which were set forth in Senate Report No. 2498 of

the 85th Congress, entitled "Progress Report on Science Programs of the Federal Government," and Senate Report No. 120 of the 86th Congress on "Science Program, 86th Congress," approved by the committee.

The Subcommittee on Reorganization also held further hearings on other legislation during the 86th Congress, in April and May 1959—S. 676, S. 586, and S. 1851—relating to the proposed establishment of a Department or a Commission on Science and Technology. These hearings again placed special emphasis on the need for improving science information processing procedures, particularly as they related to the retrieval of information and data which had been developed either by Federal and non-Federal agencies or through contractors performing services for the Government in the field of science and technology.

In June 1960, the committee approved a staff study on Federal and non-Federal science processing and retrieval programs, entitled "Documentation, Indexing and Retrieval of Scientific Information," which was printed as Senate Document No. 113 of the 86th Congress. The objective of this report was directed toward improving the existing systems and reducing the excessive expenditures that were then being made by certain Federal agencies in the purchase of ADP equipment which was found to be inadequate to meet the requirements of these agencies even before it was fully installed and in operation. To meet the demands of this document, the Senate approved a resolution authorizing reprinting of Senate Document No. 113, and a supplement to the report which was approved by the committee and printed as Senate Document No. 15 in the 87th Congress.

The Subcommittee on Reorganization issued reports in the 87th Congress on "Coordination of Information on Current Scientific Research and Development Supported by the U.S. Government," which was printed as Senate Report No. 263 on May 18, 1961, and a committee print of a report on "Coordination of Information on Current Federal Research and Development Projects in the Field of Electronics," containing an analysis of agency systems for storage and retrieval of data on on-going work and of views of private companies on indexing and communication problems.

The committee also reported to the Senate a bill, S. 2771, in the 87th Congress, to provide for the establishment of a Commission on Science and Technology, after holding further hearings on this proposal during May and July of 1962. This bill was passed by the Senate without opposition, but the Committee on Science and Astronautics of the House of Representatives, to which it was referred, failed to act before the 87th Congress adjourned. The committee also recommended the printing of a "Report to the President on Government Contracting for Research and Development," submitted by the President of the United States to the Congress on April 30, 1962, which had been referred to the committee for study and appropriate ac-

tion, as a Senate document—Senate Document No. 94, 87th Congress.

In the present Congress, the committee reported a bill, S. 816—Senate Report No. 16—similar to S. 2771 approved in the 87th Congress. S. 816 was unanimously approved by the Senate on March 8, 1963, and was referred to the Committee on Science and Astronautics of the House, where no action resulted. This bill specifically requires that the proposed Commission submit recommendations to the President and the Congress with the objective of insuring the maximum utilization of all available scientific know-how and technological information by coordinating the research and development programs of the Federal departments and agencies.

It also stresses the need for the elimination of undesirable duplication and overlapping between Government departments and agencies engaged in scientific and technological research, information storage, processing and distribution services, and contained broad declarations of congressional policy and objectives toward the improvement and advancement of Federal programs in this area. These measures also placed special emphasis on the need to solve existing problems relating to the improvement of Federal programs for processing and retrieval of scientific information. Specifically, the bills stressed the need for "insuring the maximum utilization of all available scientific know-how and information by coordinating the research and development programs of the Federal departments and agencies with those of American business and industry and with nonprofit organizations," and called for "the elimination of undesirable duplication and overlapping between Government departments and agencies engaged in scientific and technological research, and in information storage, processing and distribution services, activities, and functions, with particular emphasis upon effecting the maximum utilization of the resources of private industry and nonprofit research organizations, including universities and other educational or technological institutions."

The Subcommittee on Census and Government Statistics of the House Committee on Post Office and Civil Service held general hearings on this subject in 1959, following which the committee suggested that the Bureau of the Budget and the General Accounting Office should conduct a special study of the cost and use of ADP equipment throughout the Government. In August 1960, the subcommittee issued a report entitled "Use of Electronic Data Processing Equipment in the Federal Government." This report included 21 recommendations to Federal agencies relative to the general management and planning of ADP systems. The subcommittee also held further hearings and issued a report—House Report No. 627—on August 1, 1963, entitled "Interim Report on the Use of Electronic Data Processing Equipment in the Federal Agencies."

Since 1960, the Comptroller General has submitted numerous reports to the

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Congress relating to alleged excessive expenditures by the various Federal agencies and Government contractors on defense and other technological projects which involve leasing rather than the purchasing of automatic data processing equipment.

In line with the Comptroller General's recommendations, the Department of Defense and several other major users of ADP equipment changed their internal procedures so that high-level or executive review is attained and approved before leasing or purchasing additional ADP equipment systems. Improvement in this field was also reported in the establishment of equipment sharing centers at the National Bureau of Standards, the Internal Revenue Service at Philadelphia, and that another center was being established at the Federal Center in Denver, Colo.

Pursuant to the recommendations of the Comptroller General, the House Subcommittee on Government Activities of the House Committee on Government Operations held hearings on May 28, 1963, on the bill, H.R. 5171, with the objective of implementing the recommendations of the Comptroller General, at which representatives of the General Accounting Office and the General Services Administration appeared in support of the bill. None of the executive departments and agencies operating major research and development programs were afforded an opportunity to testify as to the effect this legislation might have on their programs.

After the House Committee on Government Operations reported the bill favorably and it was approved by the House, Representative TOM MURRAY, chairman of the House Committee on Post Office and Civil Service, upon the recommendation of the Subcommittee on Census and Government Statistics, suggested to President Kennedy, immediately after House passage of H.R. 5171, that a special committee composed of experts conversant with the problems involved should be appointed to evaluate ADP procedures and systems and to develop guidelines for future Federal policy before final action was taken on the proposed legislation. The President wrote the chairman that—

I agree that the report (of the subcommittee) and the bill (H.R. 5171) dealt with many of the problems involved in the use of automatic data processing equipment for which there is no easy solution. I agree with your recommendation and I have requested the Director of the Bureau of the Budget to initiate a study of the administration of automatic data processing in the executive branch of the Government along the lines you have suggested. The Director will submit appropriate recommendations to me and to the Congress by June 30, 1964.

The Director of the Bureau of the Budget, in response to the directive of the President, issued an order on December 26, 1963, to the heads of the executive departments and agencies, announcing the initiation of a study of the management of ADP activities throughout the Government, and requested that all of the departments and agencies cooperate with the Bureau. At the same time, the Director announced the forma-

tion of an Advisory Committee on the Coordination, Purchase, Lease, and Operation of ADP Equipment, with former Representative Robert Ramspeck, as Chairman. Ten other top-level individuals from business, labor, commerce, education and the Government were appointed to the committee for the purpose of advising the Director and the Congress on policy, manpower, and procedures now being followed in connection with the procurement, lease, and utilization of ADP equipment in the Federal Government. Mr. Carl W. Clewlow, former Deputy Administrative Assistant Secretary of the Treasury, was appointed Staff Director of the task force of specialists assigned to make the survey. The report of this special study committee, with appropriate recommendations for the improvement of these operations, was scheduled to be submitted to the President and to the Congress on or before June 30, 1964, but due to the delay incurred as a result of the assassination of President Kennedy, and the inability of the members of the committee to agree as to the recommendations that should be made to the Congress relative to the need for legislation along the lines proposed in H.R. 5171, that report has not yet been made available to the committee.

A companion bill to H.R. 5171 (S. 1577), was introduced in the Senate on May 21, 1963, and referred to the Committee on Government Operations. Copies of this bill were forwarded to all the major agencies in the executive branch which were utilizing ADP equipment, for their comments and recommendations. All responses to this request, except from the General Accounting Office and the General Services Administration, were in opposition to the proposed legislation as passed by the House and as introduced in the Senate. The Bureau of the Budget stated:

The bill poses serious questions regarding the nature and degree of centralized control that should be exercised over equipment that is so vitally linked to program performance for which department heads are held responsible. These questions deserve to be fully explored, and the views of those affected by the legislation should be obtained before acting upon it.

The then Director of the Office of Science and Technology, Executive Office of the President, Dr. Jerome B. Wiesner, also advised the committee:

My interest in computers lies in their use for unique scientific and technical applications where they have revolutionized procedures and brought about large savings of time and money. In these areas, I believe that the form of centralization envisioned by this measure would sacrifice much of the usefulness of computer technology to the Government and might even lead to increased costs. A system with predominant control lying outside of the user groups would markedly lessen the responsibilities of operating agencies for setting computer requirements and modes of operation, and could hamper the Government's ability to take full advantage of ADP in support of agency missions. Timely development of useful applications of computers depends so intimately on the interests of the user that it is essential for the achievement of agency missions that the integrity and flexibility of this relationship be maintained.

It is also my view that our experience with the management of these expensive tools for scientific research indicates that computers and their ancillary equipment should be considered as part of a scientific program, and budgeted as such, rather than as a category separate from their research applications. While in some aspects of Federal facility management the establishment of a centralized equipment pool may have been proven justifiable, I believe that such experience is not at all comparable where the needs of scientific research for computing equipment are involved.

My opposition to the particular approach and mechanisms of this bill does not suggest that I believe improvements in our ability to manage automatic data-processing activities may not be desirable. To this end, I endorse the efforts to improve and strengthen Federal management of ADP equipment currently underway by both the Bureau of the Budget and, under existing statutory authority, the General Services Administration.

In view of the opposition to H.R. 5171, which developed throughout the Government and from contractors performing services for the Federal Government, the Bureau of the Budget conducted its own study of these problems and submitted to the committee a suggested revision of the language contained in H.R. 5171 as approved by the House of Representatives. A committee print of the proposed revised bill was again submitted to the executive agencies engaged in major scientific research and development programs for their further comments. None of these agencies responded to the committee's request for their views on the proposed revision, except the Tennessee Valley Authority which opposed the bill both in its original form and as proposed to be revised, unless further amended to exempt TVA from provisions of the proposed legislation.

The chairman also requested the Honorable Robert Ramspeck, Chairman of the special committee appointed by the Director of the Bureau of the Budget at the direction of the President to study the "Management of Automatic Data Processing in the Federal Government," to submit his views and recommendations on the bill as proposed to be amended. Mr. Ramspeck's reply, dated July 27, 1964, follows:

As you know I am Chairman of a Committee, appointed by the Director of the Budget, by direction of the President, which is studying the "Management of Automatic Data Processing in the Federal Government." This Committee has not completed the study. In fact the staff just made its first draft of a proposed report about 2 weeks ago. The Committee, after an all-day discussion of the draft, asked the staff to revise the proposed report. This revision will be considered during the latter part of August.

In view of this situation I would not like to comment on the proposed substitute for H.R. 5171. Speaking for myself only, I would hope that your committee would not hold hearings until our committee has reported to the Director of the Budget and he has had time to report to the President.

Since this Congress is close to the end of its sessions, I think you will agree that no action could be had at this session, especially as your committee staff anticipates extensive hearings. I would agree with the committee staff report that extensive hearings should be held. Proper management of automatic data processing equipment in the

Federal Government poses some very tough problems. Large sums of public money are involved. The right answers will not be easy to find in this comparatively new field where new machines are constantly being offered.

The Committee received a letter dated August 3, 1964, from Dr. Donald F. Hornig, Director of the Office of Science and Technology, Executive Office of the President, who succeeded Dr. Wiesner, stating:

Before commenting in detail on this important bill I would like to assess the view of the major agencies engaged in research and development as to the impact on their scientific efforts of this measure as recently revised. My office is now canvassing these views, and we will be in a better position to respond to your request for comment when our assessment is complete.

In addition to requesting the views of Federal departments and agencies utilizing ADP equipment, copies of H.R. 5171 as revised were forwarded to some of the major industries which operate ADP equipment under Federal contracts, with a suggestion that they might wish to submit their comments as to the possible impact the proposed legislation would have upon their operations. The following are extracts from replies forwarded to the chairman in response to this request:

J. L. Atwood, president, North American Aviation, Inc.:

Our basic concern with H.R. 5171 stems from the inclusion of the words "or at the expense of," in section 111(a). These words, together with the explanation of the committee amendments, set forth on page 12 of House Report No. 428, indicate that it is intended that the provisions of the bill apply to ADP equipment acquired by contractors where all or a substantial part of the cost would become a part of Government contract prices.

Many Government contractors and subcontractors have developed and programed systems for business applications and scientific computing based upon the use of certain types of ADP equipment. If the Government could not furnish to contractors, in a timely manner, equipment which was compatible, the costs of reprogramming and the related operational problems would involve amounts of money which could be very substantial. In this context, it should be borne in mind that the cost of using ADP equipment, when compared to the total cost of a contract under which it is being used, is relatively minor in most cases. Any delay, therefore, in the work under a contract resulting from failure of a contractor to acquire or to be able to use ADP equipment resulting for any reason from centralized Government control would undoubtedly more than offset any possible anticipated savings. When it is considered that a large number of organizations will be affected, the magnitude of this problem becomes apparent.

Aside from the problem of costs, we would be very concerned with the effect of this bill on contract schedules and particularly high priority national programs which by their advanced technological nature are the largest users of ADP equipment. Our experience indicates that it will be unrealistic not to expect delays and difficulties in the acquisition by contractors of ADP equipment if it is to be centrally controlled by the Government. We are fearful that the ultimate detriment to the Government of performance delays may well far exceed any possible savings which could be realized by such centralized controls of contractor ADP equipment.

In summary, while we wholeheartedly support the goal of overall economy in the use

of ADP equipment by Government contractors, we doubt that this goal can best be achieved by an inflexible requirement for centralized control and management of ADP equipment.

W. E. Zisch, President, Aerojet-General Corp.:

In your letter of July 2, 1964, you requested my comments on the amended version of H.R. 5171 which would authorize the Administrator of the General Services " * * * to coordinate and provide for the economic and efficient purchase, lease, and maintenance of automatic data processing equipment by, or 'at the expense of,' Federal agencies."

We have quoted the phrase "at the expense of" to indicate our concern with the implication of this provision of the bill. From the recommendations of the General Accounting Office it is clear that this phrase was intended to include automatic data processing (ADP) equipment in the possession of contractors doing a large part of their business with the Federal Government. Should this interpretation not be correct, the balance of this letter does not apply; we are not in a position to comment on how ADP equipment should be provided and administered for use within Federal departments and agencies. We are, however, vigorously opposed to any planned legislation which would assign to a Government agency the responsibility for purchase, lease, and maintenance of ADP used by industry. These responsibilities are management functions which can be exercised most effectively and economically by management itself operating in a free competitive environment.

Specifically, we foresee that in the administration of this provision of the bill, the following objectionable situations could arise:

(a) The contractor would be placed in the wholly untenable position of having to justify its requirements to the GSA while defending its performance to the DOD, NASA, and other Federal agencies.

(b) Vital ADP requirements could remain unsatisfied while an administrative team was getting around to investigating and approving the requirements.

(c) The Government's management agency is likely to judge requirements on the basis of minimum obvious needs directly connected with a specific defense contract. The contractor on the other hand must judge his requirements on the basis of overall efficiency, maintenance of competitive position, and anticipated future needs.

(d) When units of equipment become unfit for service (as occasionally happens), a whole system could remain out of service until the central agency could purchase a replacement. Such delay or other inflexibility could be critical since ADP is a key factor in business efficiency. With the Government's increased desire for fixed-price and incentive type contracts, contractors should not be obligated to relinquish this fundamental management responsibility to the Government.

Aerojet feels so strongly about the importance of the ADP function and the need of top level company management participation in it, that the highly competent technical and financial personnel who direct its operations report to a vice president, who in turn reports directly to the president of the company.

Aerojet is convinced that ownership and management by the Government of ADP equipment used in the defense industry is neither practical nor economical. ADP systems are not only important in the solution of scientific and engineering problems relating to defense R. & D., but are becoming increasingly important in the efficient management of modern business enterprises being used for accounting, payroll, inventory control, production control, and many

other management functions. It is our belief that the optimum use of such equipment including determination of the kind and amount needed and how it is to be provided can best be made by the contractor working in a competitive environment and with incentives for overall cost reduction.

If the bill, as amended, is ultimately approved and signed into law, the basic philosophy inherent therein may then be equally applied to all types of items commonly used "at the expense of Federal agencies," e.g., (a) furniture and fixtures, (b) automotive equipment, (c) stationery and supplies, (d) warehousing facilities, etc. Where would it end?

I appreciate this opportunity to express my views and hope they are not considered to be just emotional ones, but the convictions of one who really believes that defense contractors and the Government can work together in the true atmosphere of free enterprise. I also wish to advise you that in the event your committee holds hearings on H.R. 5171, Aerojet-General Corp. would be pleased to accept your invitation to have a representative of our company testify.

Erwin H. Graham, vice president and comptroller, Chrysler Corp.:

In our opinion, the amended H.R. 5171 does not provide any substantive change to the original bill and we therefore, are unable to favorably endorse its passage.

Although the General Accounting Office report (B-146732) and H.R. 5171 are primarily directed toward government users, we feel the end result will be unnecessary costs to the Government.

The GAO assumptions on the "life of equipment" are not necessarily valid in a field in which technological advancements (and attendant cost reductions) appear to obsolete existing systems on an approximate 2½-year cycle.

The nature of Government business is such that increasing complexity of computer operation requires the ability to quickly respond without being tied to an "outdated" system.

Chrysler's non-Government experience in computer systems is such that, out of an existing complement of approximately 30 stored program computers, none were produced prior to 1960. In the past 12 months, Chrysler Corp. has installed or replaced eight separate computer installations due to increasing job load and technical obsolescence of the replaced equipment.

The fact that Government programs and requirements for data are continually changing militates against purchase of equipment with anything but maximum capacity and throughput.

As an example, programs of PERT, PERT cost, line of balance and other sophisticated analytic techniques could not be economically processed on the majority of equipment purchased (or leased) 2 years ago.

It is our thought that the proposed significant savings to the Government accrued by adoption of the GAO recommendations and the attendant H.R. 5171 exists only because many of the important factors of cost do not appear to have been given appropriate consideration (e.g., scheduling delivery of equipment in optimum time for the contractor, handling, shipping and installation costs, physical facility availability, increased costs of maintenance due to multiple moves, technical obsolescence, insurance, freight and storage, compatibility with contractors commercial equipment, and of extreme importance, reprogramming costs).

Roger Lewis, president, General Dynamics Corp.:

In our business, automatic data processing equipment has in the last decade become an essential, almost indispensable, manage-

ment, research, and engineering tool. While these machines are used to perform routine clerical tasks, their most important application is in the performance of critical calculations in design, engineering, and production. With them we are able to make tests, simulate actions, and investigate alternate possibilities which would require thousands of man-years to accomplish manually. We can fairly state that without the advanced computers now available, the United States would not be in the excellent technological position it occupies today.

Because ADP know-how has become an important industrial major resource, we favor new section 111(f), which provides that the Administrator shall not interfere with or control the use made of automatic data processing equipment. We raise the question, however, whether that section can be reconciled, particularly insofar as Government contractors are concerned, with preceding portion of the bill which vest, in very general terms, control of ADP equipment in the GSA.

While the bill provides for relationships within and between Government agencies, it is not clear in this respect as to contractors. This is of concern to us. For instance, if it is intended that joint use of computers be made by two or more contractors or by contractors and Government agencies, problems of priority, confidentiality of private developments and information, and competitive advantage will arise. The treatment of contractors whose business is both military and commercial is also not clear. The bill establishes machinery to resolve differences between Government agencies, but it is not apparent what procedures will apply when there is lack of agreement between the Administrator and a non-Government user.

We note that under the bill the Administrator is not to interfere with or control the determination of automatic data processing requirements. The interpretation of "requirements," however, could vary. We would hope that "requirements" would include not only the number of machine hours needed but also the type of equipment, time of usage, and response, or turn-around, requirements. All of these are factors which could affect a contractor's capability.

We do not presume to comment on the need for this legislation in respect to Government agencies. We are concerned, however, with the application of the bill to the very different problems which must be faced by non-Government ADP users under diverse contractual situations, varying from fixed-price to cost reimbursement types, and from wholly company-sponsored projects to those completely supported by the Government.

For the foregoing reasons, we recommend that organizations other than Government agencies be specifically excluded from the bill. We believe that effective utilization of ADP equipment by contractors can be achieved through good contract administration rather than through legislation of this nature.

We are gratified by the interest your committee has shown in this important area and hope that our comments will be helpful. We had not planned for a representative of General Dynamics to testify at any hearing on this matter that might be scheduled.

Howard W. Merrill, vice president, Martin Co.:

Our concern with the original bill centered largely around the intent of this legislation and the mechanics by which it might be implemented. The proposed amendment limiting the authority of the Administrator of the General Services Administration in the areas of determination of requirements for and the use of automatic data processing equipment is helpful, but the intent and mechanics are still not clear to us.

We believe that it is in the best interest of the Federal Government to encourage contractors to provide their own facilities, insofar as is practical, and let the forces of competition control costs. Over the past several years, the Department of Defense has energetically pursued a program to divest itself of Government-owned and contractor-used facilities, recognizing the economics of contractor-provided facilities.

Where computers are used most effectively, they have become an integral part of management and operating systems and have become a tool of management which has the same sensitivity and proprietary value as organization, policy, operating instructions, and the like. The computers a company uses may have considerable impact on its competitive position. Control of computers by a Federal agency, unlike other GFE, represents a serious penetration into the control of private enterprise. Would it be possible, under such legislation, for a Federal agency to show favoritism by allocating more advanced equipment to one company than another thereby influencing the competitive position of the companies involved?

It is Martin practice to use compatible equipment at all three locations (Baltimore, Denver, and Orlando) so that: (1) data processing associated with interdivision work may be handled more expeditiously; (2) maximum utilization of the equipment can be attained by having one plant with unused machine time perform work for another plant that temporarily has more work than its equipment can handle; (3) programing of similar type jobs at two or more locations does not have to be duplicated; and (4) operating and programing personnel training and experience may be shared. This practice, which has resulted in significant cost savings, requires that upgrading of outdated equipment must be continually studied and accomplished on an overall company basis. The success of this practice has been realized through the freedom to take advantage of advanced techniques such as high speed teleprocessing.

While computer rentals constitute a considerable expenditure, the costs of installation, operations and programing are usually much greater. Today, Martin Co. has a considerable investment in scientific and data processing programs. This investment must be measured in both time and dollars since we do not have "instant programing" and good programers are in short supply. Our objective is to protect this investment so that efficiencies may be realized. This protection is assured by careful planning in both programing directions and equipment selection to minimize reprograming and to spread what has to be done over as long a period as possible to minimize the impact on programing resources.

Prior to giving our views at the proposed hearings, it would be helpful to have answers to the following questions by proponents of the bill. Their answers could have a significant influence on our position.

1. Would the General Services Administration or the agency concerned (DOD for instance) provide ADP equipment for use by Martin Co. and other contractors?

2. Would Martin Co. have complete freedom of choice as to type, schedule and conditions under which we could replace ADP equipment?

3. Would Martin Co. be forced or pressured into the use of equipment pools or data processing centers operated by a Federal agency or other contractor?

4. How would our relationship with the various ADP equipment vendors be affected particularly with respect to systems services as opposed to equipment maintenance?

5. Is there assurance in the bill that the power and authority of the General Services Administration "to provide for * * * and utilization of automatic data processing

equipment by Federal departments and agencies" would not be used to influence the competitive position of contractors?

George J. Fleming, Planning Administrator, Data Processing, Boeing Co.:

Our main concern is the vagueness of the phrase "at the expense of the Government." Freely interpreted, this could include all computing or data processing equipment which is charged to overhead when any part of the overhead is negotiated into a government contract. It could also be applied to the lowest level of subcontractors if they use computing equipment. Such an interpretation would be costly and in all probability an interference with the company's ability to determine its method of operation. It is our suggestion that the phrase "at the expense of the government," be deleted.

Section F (p. 8, line 21) of the proposed amendment, deals with authority conferred upon the administrator. This new section serves to allay some of our concern; however, the word "requirements" (p. 9, line 3) is also subject to interpretation. For example, the administrator might take the position that the equipment he selected is satisfactory to fulfill the requirements determined by the agencies and other uses. In this event, the user (Boeing) might be subject to the delays and uncertainties involved in asking the Bureau of the Budget to review and decided the controversy.

John B. Olverson, general counsel, Electronic Industries Association, Washington:

In behalf of the Electronic Industries Association, I wish to acknowledge your letter of June 29, 1964, requesting our views on a proposed amendment to H.R. 5171 which has passed the House and is now pending before the Senate Government Operations Committee.

As stated in its title, H.R. 5171 would "authorize the administrator of the General Services Administration to coordinate and otherwise provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing equipment by Federal departments and agencies." Section III(a) of the proposed amendment still contains language at variance with the title which, as the debate on the floor of the House indicated, could be interpreted as extending GSA control and authority over all such equipment acquired by, or furnished to, contractors "at the expense of" the Federal Government. As stated our October 18, 1963, letter to you, the retention of this language in the bill would, in our opinion, create serious problems in the administration of defense and space procurement programs.

It is our view that if Congress desires to enact legislation to coordinate the "purchase, lease, and maintenance of automatic data processing equipment" used internally by the Government, we have no objections. On the other hand, if the words "at the expense of" remain in the bill, we still believe very strongly that the consequences set forth in our October 18 letter would occur. Thus, the retention of this language would (1) increase the costs of administering defense and space procurement programs out of proportion to any savings to the Government; (2) create troublesome administrative and funding problems in the negotiation of defense and space contracts; (3) adversely affect the orderly administration of contracts by dividing authority and responsibility between GSA on the one hand, and the procuring agencies on the other, in the procurement of weapons and space systems involving utilization by contractors of data processing equipment, which, under H.R. 5171, would be acquired by, or funded to them at Government expense; (4) impede the development and advancement of computer

technology; and (5) establish GSA as a third party to all contracts on which data processing equipment is used at Government expense, thereby causing possible delays in the procurement and delivery of defense and space weapons.

We also hold to the view that the questionable language in this bill would create problems of interpretation as to when data processing equipment is procured by the contractor "at the expense of" the Government under the terms of the contract. This particularly would be a problem in connection with fixed price contracts under which the contract price may or may not reflect all or part of the costs of such equipment.

Moreover, we find nothing in the amended bill which alleviates our concern over the language which would give GSA authority over automatic data processing equipment used under Government contracts and financed directly or indirectly by the Government. Subsection (f) would limit the authority of GSA in some respects, but it would not, in our opinion, preclude GSA from exercising management control of such equipment being used by defense and space contractors in the performance of contracts with the Defense Department and the National Aeronautical and Space Administration.

Also, vesting authority in the Budget Bureau to settle disputes as contemplated by subsection (f) would, in our view, further create problems of administration. We do not believe that either GSA or the Budget Bureau has the technical competence to determine the type of data processing equipment which contractors may need for the performance of Government contracts, particularly those involving complex weapons and space systems. This is a decision which should be left with the contractor as part of his legal responsibilities in performing under his contract.

Your letter also inquires whether a representative of EIA would desire to testify in the event of hearings. If action is not taken to eliminate the language we have referred to, we would like to reserve the right to submit oral testimony or a more extensive statement for the record.

We appreciate the opportunity extended to us of expressing further our views on this proposed legislation.

The PRESIDING OFFICER (Mr. SALINGER in the chair). The time of the Senator from Arkansas has expired.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that I may proceed for an additional 10 minutes.

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

Mr. McCLELLAN. Mr. President, the following reports were submitted to the committee by the Comptroller General of the United States and the Tennessee Valley Authority, the only two agencies which commented in detail relative to the proposed Bureau of the Budget substitute for H.R. 5171:

Joseph Campbell, Comptroller General of the United States:

In our letter to you of June 10, 1963, B-151204, we submitted our views regarding S. 1577, a similar bill to H.R. 5171. Also, by letter of May 15, 1963, B-151204, we made a report to the chairman of the Committee on Government Operations, House of Representatives, on H.R. 5171. In our comments on each of these bills we expressed the belief that enactment of the bills would be in the interest of the Government and would result in considerably more economical procurement and utilization of automatic data processing equipment.

In commenting on H.R. 5171 we included the following statement:

"In our report to the Congress dated March 6, 1963 (B-115369), on the 'Financial Advantages of Purchasing over Leasing of Electronic Data Processing Equipment in the Federal Government', we pointed out that there is need in the Federal Government for an effective mechanism to coordinate and control the purchase, lease, maintenance, and utilization of EDP equipment. Accordingly, we recommended to the President of the United States that he establish such an office in his organization. We are of the opinion that overall policy guidance and direction of the Government's data processing programs can be most effectively accomplished through the efforts of a small, highly placed central management office in the executive branch of the Government. However, we recognize that there are various ways in which central control can be exercised over the procurement and utilization of this type of equipment. H.R. 5171 provides such an alternate method. We are not opposed to the method set forth in H.R. 5171; however, we feel that the mechanism proposed in H.R. 5171 for carrying out the detailed operations of coordination and control needs to be subject to the policy guidance and overall direction of the Office of the President."

More recently, in our report to the Congress dated April 30, 1964, (B-115369), on the "Review of Problems relating to Management and Administration of Electronic Data Processing Systems in the Federal Government," we reviewed several problems pertaining to the management of EDP systems in the Federal Government. We commented that these problems have arisen largely because of the decentralized system of management used whereby each using agency makes its own decisions on the procurement and utilization of EDP equipment without regard to the economies available from considering overall Government needs. We further commented that our review of these problems and the manner in which they can be resolved to the maximum financial advantage of the Federal Government has reinforced our earlier conclusion that an effective central management organization with appropriate authority and responsibility is needed to exercise control over the procurement and use of data processing facilities and related costs being incurred by the Government.

As you know, the Director of the Bureau of the Budget, in response to a directive from the President, is conducting a study of the management of automatic data processing activities throughout the Government. The report of the study group could have a considerable bearing on executive branch action with regard to the organization and management of ADP in the Government. However, as of this time, the report has not been issued and, in the absence of a positive executive branch program which would provide for the central management organization, it is our conviction that the Federal Government will continue to spend unnecessarily substantial sums each year to obtain and use needed data processing facilities in its operations.

With reference to the policies and procedures set forth in the bill, we offer the following comments for consideration:

1. We suggest that the following sentences in subsection 111(f), pages 8 and 9, be deleted:

"Authority so conferred upon the Administrator shall not be so construed as to impair or interfere with the determination by agencies and other users of their individual automatic data processing equipment requirements. The Administrator shall not interfere with, or attempt to control in any

way, the use made of automatic data processing equipment or components thereof by any agency or user."

We feel that these provisions would place undue restrictions on the Administrator of General Services Administration which would preclude the attainment of the most effective and economical procurement and use of automatic data processing equipment. Also, with respect to the provision in subsection 111(c) for the establishment and use of an indeterminate number of automatic data processing funds, we suggest that this provision be revised to provide for a single automatic data processing fund to be administered by the Administrator of General Services Administration. The establishment of multiple funds in the individual agencies would in our opinion result in the establishment of a number of separate management entities which would mitigate against central coordination and procurement and use of these facilities from the standpoint of the coordinated overall interests of the Federal Government.

2. The bill proposes to establish electronic data processing funds for carrying out the functions enumerated therein to be "available without fiscal year limitations." This method of financing, not requiring annual congressional authorization—as compared with budgetary and appropriation processes followed in financing activities through annual appropriations—would materially diminish congressional control over such activities and should not be permitted in the absence of justifiable need therefor. It is our opinion that an annual congressional review of operations under the funds and affirmative annual congressional authority in respect of the availability of the funds are necessary to place the activities of the funds under complete congressional control. We therefore suggest that the activities under any fund established under this proposed legislation be restricted to such amounts as may be provided annually in appropriation acts.

3. We suggest that, after a date determined upon, existing appropriations and, unless specifically so provided, future appropriations of the agencies concerned, other than appropriations to the fund, shall not be available for the purchase, lease, or installation of automatic data processing equipment of the types taken over by the Administrator.

4. We note the term "organization" appearing on page 7, line 22, of the bill. If by use of this term it be intended to authorize the Administrator to make equipment available for, or otherwise supply services to, private organizations, which would constitute an exception to section 3678, Revised Statutes, 31 U.S.C. 628, requiring the application of appropriations solely to the objects for which made and no other, in the absence of specific authority to the contrary, then adding the word "private" before the word "organization" would obviate any doubt in the matter.

We believe the enactment of the bill would be in the interest of the Government and will result in considerably more economical procurement and utilization of electronic data processing equipment. Therefore, and subject to the changes suggested above, we favor enactment of the proposed legislation.

We will be available to testify at the proposed hearings and we will be pleased to assist the committee in any respect with regard to this matter.

Aubrey J. Wagner, Chairman, Tennessee Valley Authority:

This is in response to your request of June 29 for our views concerning the June 25 committee print on H.R. 5171, amending the Federal Property and Administrative Services

Act "To authorize the Administrator of the General Services Administration to coordinate and otherwise provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing equipment by Federal departments and agencies." The purpose of the bill, according to its proponents, is to save money for the Government and the taxpayer. It is based largely on a study report made by the Comptroller General in March 1963, in which he found that substantial savings could be achieved through (1) the purchase of such equipment in lieu of leasing over extended periods, and (2) improved coordination among Federal agencies in its utilization.

While the provisions of the committee print are somewhat less drastic than those of H.R. 5171 as passed by the House, even with the proposed revisions the bill would vest in the General Services Administration substantial control over the acquisition, assignment, and use of automatic data processing equipment throughout the executive branch of the Government, including TVA. Although subsection (f) of the bill states that the authority conferred upon GSA shall not be construed so as to interfere with the determination by agencies of their individual automatic data processing equipment requirements or with their use of the equipment, it is difficult to reconcile this provision with the broad authority given GSA in subsection (b) as regards the acquisition, transfer, and joint utilization of such equipment. Indeed, subsection (f) appears to anticipate controversy in these matters inasmuch as it provides for review and decision by the Bureau of the Budget in cases of dispute. In either event, whether the decision were made by GSA or by the Bureau of the Budget, the effect would be to impair the ability of TVA to carry out its operations in what it finds to be the most efficient and economical manner.

This is of special concern to TVA in the operation of its power system. As you know, TVA is required by the TVA Act to operate its power system as efficiently and economically as possible so as to provide power to the consumers in the area at the lowest possible rates. Moreover, the TVA Board has entered into a contractual obligation with the holders of its power revenue bonds to see that the power system is operated in a sound and economical manner. Since the use of automatic data processing equipment is vital to the efficient and economical operation of large steam electric generating plants as well as the power system as a whole, the ability of the Board to make good on these obligations will obviously be impaired if the acquisition and utilization of such equipment is subject to the control of another agency.

We have an IBM 704 ADP system at Chattanooga, Tenn., which is the headquarters and dispatching center for the TVA power system. Originally installed on a lease basis, TVA purchased the system as soon as its usefulness had been demonstrated. This equipment is used during part of every hour of every day to check the loading of the power system. Between these calculations it is used for a number of other purposes, such as determining the most desirable schedule for water releases in the Tennessee River water control system, preparing payrolls, and performing various other types of accounting work and engineering calculations. It is operated on the average of 85 hours per week, and new applications are added constantly, increasing the value and the economy of the system operation. In fact, because the rapidly expanding opportunities for effective use of ADP equipment in TVA's operations will soon exceed the capacity of the 704, we have arranged to replace it by 1966 with a much improved and more versatile system, the IBM 360.

From time to time TVA has made its equipment available to other Government agencies and will continue to do so as feasible, but because it must be constantly available for power system purposes, TVA must retain custody of the equipment and control of its use. Here, it seems to us, the objectives of H.R. 5171 are being achieved by TVA, and we do not see how the intervention of the General Services Administration would better serve those purposes.

A further and important application by TVA of ADP equipment is in the control of the operations of individual generating plants. Because of the pressure to obtain higher plant efficiency and to hold down costs, the trend in power system operations is increasingly toward automation, and the steam electric generating plants now being designed and constructed by TVA include provision for automatic control through the use of special ADP equipment. At TVA's Paradise Steam Plant, for example, an electronic control controls the moment-to-moment functioning of the steamplant—24 hours a day, 7 days a week. To the extent this electronic unit is subject to manual control, it is operated by steamplant operating personnel, not computer operators.

Such equipment is activated by thermo-couple voltages, pressure sensor signals, and switch contact closures rather than by data from punched cards or magnetic tape as is the case with computers used by other Federal agencies for the usual Government functions. The ADP installations must be specially designed to meet the requirements of each particular plant. The equipment is not leased but is purchased by TVA through competitive bidding procedures and is paid for out of power system proceeds, not appropriated funds. Since this equipment is used continuously in the operation of the plants, there is no opportunity to share it with other agencies. Consequently, there is no basis on which the General Services Administration could accomplish a reduction in cost or promote more efficient use.

Within the next few years it is expected that about \$3½ million will be expended for additional specialized equipment of this kind for installation at TVA's steam powerplants. This amount is relatively small when compared with TVA's total expenditures for turbines and generators, transformers, steel, coal, and heavy construction machinery, but the installation of ADP equipment is as important in TVA's efficient operation of the power system. Consequently, it is just as important that TVA retain full control over the acquisition and use of the ADP equipment as it is with respect to the other types of equipment and materials required in operating the power system.

It was in recognition of TVA's need for continuing authority to acquire and utilize without control by another agency the equipment and materials required in TVA's force account construction and chemical and power operations, and also in recognition of TVA's record of responsible exercise of such authority, that the Federal Property and Administrative Services Act has included in section 602(d)(12) an exemption for TVA in those respects. Since the reasons for such exemption apply equally to ADP equipment required in those programs, we urge that TVA's existing exemption under the act be left unchanged so that it will continue to apply to ADP equipment acquired for use in those programs. This could be accomplished by inserting on page 8, line 17, of the Committee Print of H.R. 5171 the words " , except as to paragraph (12) thereof," between "Act" and "shall."

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

Mr. McCLELLAN. I yield.

Mr. DOUGLAS. Do I understand correctly that the committee has decided not to recommend the bill in this session?

Mr. McCLELLAN. Does the Senator mean in this session of Congress?

Mr. DOUGLAS. In this session.

Mr. McCLELLAN. Yes. The committee feels that there is need for study. We conferred with the Bureau of the Budget and others interested, and it is the hope and expectation of the committee, that early in the next session of Congress, the bill will be reintroduced just as it passed the House, or as proposed to be amended by the Bureau of the Budget, and obtain as speedy action as possible on it.

This gets into an area where there are many problems which need to be resolved. It is not a case of the committee being against the measure, or trying to delay or obstruct it. It is the case of a genuine desire to determine whether legislation is needed and, if so, to recommend legislative action which will be beneficial in this field.

Mr. DOUGLAS. I appreciate that note of reassurance on the part of the Senator from Arkansas. It so happens that this is a question in which I have been very much interested, as chairman of the Joint Economic Committee, and we have made studies on this question also. We came to the conclusion that perhaps hundreds of millions of dollars could be saved by purchase rather than by rental, because the IBM charges a very high rental during the life of the automatic data processing machinery. By purchasing them outright, we could pay for the rentals over the course of a few years, and have permanent use of the machines without rent for many years.

I introduced a companion bill to the House bill. I believe it really has great possibilities. I am very glad the Senator from Arkansas has now reassured us that it does not mean defeat for the measure, but merely postponement.

Mr. McCLELLAN. I know of no desire on the part of anyone on the committee to obstruct or defeat the measure. It is a difficult problem and, since there are many who wish to be heard, extensive hearings may be necessary. No one knows when the session will adjourn, but anticipating adjournment in due time, we thought we would not have time to process the bill during the present session. For that reason, and that reason only, the matter is being deferred. I wished to make this announcement, however, to try to reassure Senators who are interested in this question that the purpose is to perfect this proposed legislation and to expedite it when we can.

Mr. DOUGLAS. At an early time in the next session?

Mr. McCLELLAN. The Senator is correct.

Mr. DOUGLAS. That is most reassuring. I hope that Senators and readers of the CONGRESSIONAL RECORD will study the report which the Committee on Government Operations is making, together with certain other material which our Committee on Defense Expenditures has prepared, because I believe that it will convince people that there are great

savings to be effected by purchase rather than by lease.

COMMITTEE ASSIGNMENTS OF SENATOR THURMOND

Mr. MANSFIELD. Mr. President, in view of the fact that the distinguished Senator from South Carolina [Mr. THURMOND] has, on his own volition, changed his allegiance from the Democratic to the Republican Party, I feel that I should make a statement relative to his committee assignments.

The present Senate ratio is 66 Democrats to 34 Republicans—that is, with the Senator from South Carolina [Mr. THURMOND] going over to the Republican side of the aisle.

This means that the Democrats would be entitled to 66 percent of the membership on the two committees. The present overall membership on both committees is 17.

Prior to Senator THURMOND's change of party, the Democrats had 12 seats on each and the Republicans had 5.

When I refer to these two committees, I refer of course to the Committee on Commerce and the Committee on Armed Services.

If the party ratio of the present membership of the Senate as a whole is applied to the 17-man membership of each committee, it yields 11.2 Democrats and 5.8 Republicans. In the circumstances, unless it is intended to change the old ratio in some other committee or committees, it would appear that the Republicans would be entitled to an additional seat on each of the two committees and the Democrats would lose them. In short, the ratio would become 11 to 6 instead of 12 to 5. Following precedent, each party determines its choice of members for each committee. In the present circumstances, it would be, therefore, the decision of the Republican caucus as to whether or not Senator THURMOND retains his present membership on the two committees or some other Republican is substituted for him and he is otherwise assigned. If he remains on the Armed Services and Commerce by choice of the Republican caucus, no Senate action is necessary. If the Republicans decide to shift him, a pro forma resolution of the Senate would be necessary to reflect the shift.

Mr. DIRKSEN. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. I am delighted that the majority leader has clarified this question concerning the party ratio on the two committees in question. We shall have a policy meeting tomorrow. And it is entirely correct that this matter should be discussed. I am delighted, indeed, that the majority leader has clarified the situation at this time.

Mr. MANSFIELD. I thank the minority leader.

WATER RESOURCES PLANNING

Mr. HARTKE. Mr. President, the water resources planning bill was passed by the Senate last November, and is now on the Union Calendar in the House of

Representatives, having been reported on September 2. I know many Members of the Senate are interested in its passage, and supported its enactment, as I did.

Indiana, like many other States, has a stake in such legislation. Because of that concern, before the more comprehensive Senate bill 1111 was reported, I introduced a somewhat similar bill, S. 2280. It would set up a Wabash Basin Interagency Water Resources Commission. If the more general bill is enacted into law, I hope to see the Wabash included as one of the regions for which a planning commission will be established. Its inclusion is needed for flood control and other purposes, and there are now indications that in the foreseeable future the need will include that of water supply.

Water supply and planning for its improvement, Mr. President, constitute a growing problem in many areas of the Nation. Despite relatively abundant water supplies in Indiana, the district chief of the Army Corps of Engineers recently declared that the State is on its way to becoming one of those which face a shortage in the not-too-distant future. I hope the water resources planning bill will become law before the end of this Congress, and that it may be possible to set up a Wabash Basin commission such as my separate bill calls for.

An editorial recently published in the *Pharos-Tribune* and *Logansport Press*, of Logansport, Ind., pointed up the imminence of water-supply problems in Indiana.

I ask unanimous consent that the editorial be printed in the *RECORD*.

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

WATER SHORTAGE GRADUALLY DEVELOPING

Logan-land residents who have shown little concern while other States have been reporting water shortages had better believe that it can happen here too.

No less an authority than the district chief of the Army Corps of Engineers in a talk in a neighboring city last week declared that Indiana is on its way to becoming a water-short State in the not too distant future.

Cass, Miami, and Carroll County residents have been interested in the Mississinewa, Salamonie, and Huntington reservoirs purely from a flood-control standpoint. The ravages of high waters in the flood seasons have been their primary concern. However, the time may come when we will be much more thankful for the water storage they provide than for the floods they prevent.

We have long taken our water resource for granted. This is especially true here in Logansport because we are fortunate enough to have two rivers from which we can draw our water supply. However, it is becoming more and more a premium commodity as our population grows and the amount of available water remains the same. The conservation of our water supply thus grows in importance each year.

BANK CONTROL LEGISLATION

Mr. ROBERTSON. Mr. President, I ask unanimous consent to have printed in the *RECORD* at this point as a part of my remarks an editorial entitled "Fast Passage of a Moderate Law," published in the *American Banker* for September

16, 1964, dealing with bank control legislation.

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

FAST PASSAGE OF A MODERATE LAW

The rapid passage of the bank control law, signed by the President last weekend, brings up a number of points.

One of the most important is the fact that when there is a clear need for banking legislation, it can be accomplished with considerable speed. There has been much concern expressed over the glacial progress of much legislation which many bankers want; but the lesson taught by this recent rapid run through the Congress is that the degree of urgency, and particularly public awareness of it, is crucial.

The recent outbreak of bank failures had galvanized the Federal Deposit Insurance Corporation into vigorous action to get a law to help it prevent more collapses in the same pattern. Congress clearly agreed with the FDIC's concern, and with those who supported the FDIC in this effort, and answered its request with fast affirmative action.

Most banking legislation, however, is not so obviously in the public interest, or so urgent. Quite simply, most of it does not have the same kind of steam behind it as did the ownership notification law. Most banking legislation presently being worked on or contemplated has to do with adjustments in existing procedures, rather than with response to a need urgently and clearly defined. For the more modest goal of adjustment, pending legislation calls for more deliberate evaluation, and particularly for the reconciliation of conflicting objectives. And so it properly should take longer to percolate.

Another interesting aspect of the new law is that it does not seek to prevent shifts in ownership control of banks, but only to have the regulatory authorities be given notice when such a change takes place. In this respect it is somewhat milder than what many had considered desirable; but it was the judgment of those responsible for getting it enacted that their purpose would be served just as well by the milder version—and that the milder version had a far better chance of passage.

Just after the law was passed by the Senate, and before it was signed by the President, however, came a brusque reminder that mere legislation cannot prevent bank failures. Crown Savings Bank of Newport News, Va., had to be closed, and for the second time in a year, the FDIC had to take the rare step of opening an interim bank on the site, to handle its obligations.

Although there had been no recent change in ownership, the failure followed part of the same pattern of previous failures this year—the bank had overcommitted itself to bad loans outside its own area. And there is nothing that legislation can do about that problem—nor, in fact, would anyone maintain that in a free enterprise economy, any legislation should try.

The responsibility of the Government should properly extend to protection of the rights of depositors. But the bank as a business institution should be free to compete with the risks that that implies—without special propping.

It still requires good banking practice to maintain sound, efficient banks. Laws cannot prevent poor performance.

And so, while the FDIC was right in asking to be notified when changes in ownership take place, it used good judgment and restraint in not asking for too much power over bank operations. For it would be impossible for any agency to exercise such power so that it would at all times be effective, or wise, or in keeping with the free-enterprise philosophy.