

July 6, 1965

Though we try to understand the attitudes of some of our more critical friends in Europe, and though we do not insist on maintenance of the status quo, we are casting a careful eye on the various proposals for new forms of reserve creation. In their anxiety to curb the ability of the United States to incur balance of payments deficits, some of our friends would turn back the clock of monetary history toward an excessive reliance on gold. Such a system, whatever its specific technical form, would impose on the world too restrictive a monetary climate, which could inhibit international trade and economic growth.

The international monetary system must be flexible rather than rigid. It must be adaptable to the differing and, over time, changing needs of the various countries. It would be a great mistake to act as if all countries were alike in their size, structures, policies, and values. Any change in the monetary system must recognize the great diversity that exists among countries, even among the major industrial countries. And any such change must be an evolutionary one, preserving and building upon the valuable elements of the existing system.

In particular, any change in the international payments system must respect the monetary sovereignty of individual countries. I have stressed that monetary policy in the United States cannot be formulated in isolation from the world beyond our borders; we must reconcile domestic and balance of payments objectives in pursuing the art of central banking. But as long as nations remain as independent entities, with separate power of decision over economic policies, monetary policy too must remain in national hands. And, within the context of international financial cooperation, the right of each country to make bilateral arrangements should be preserved. It is notable, in all these connections, that membership in the International Monetary Fund, and participation in supplying and using the Fund's resources, is quite consistent with the retention of monetary sovereignty.

The central role that the International Monetary Fund now fills makes it a natural repository for any new monetary functions that may merit consideration. Gold tranche positions in the Fund, which are usable virtually on demand by countries in deficit, are already widely regarded as reserve assets. If and when the need is felt for additional reserve assets, there is much to be said for adapting the Fund mechanism to this purpose and building upon its tested and respected institutional framework. To rely on such an evolution of the International Monetary Fund, rather than to establish a rival center in the international monetary field, would help to assure that any innovations undertaken would contribute to world prosperity without disturbing market processes, violating national sovereignty, or disrupting international cooperation.

# *W. H. Cramer* **HANDS OF COMMUNISTS IN DOMINICAN REPUBLIC REVOLT REVEALED**

(Mr. CRAMER (at the request of Mr. DEL CLAWSON) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. CRAMER. Mr. Speaker, there has been a great deal of debate over the part played by the Communists in the recent revolt in the Dominican Republic. Numerous individuals, opposed to the U.S. policy in that country, have charged that the Communists played no part in the revolt. This contention has been ably refuted in a series of articles written by Mr. Paul D. Bethel, a former U.S. Foreign Service Officer and an expert on Commu-

nist operations in Latin America. One of the first journalists to arrive in the Dominican Republic after the revolt that brought in U.S. troops, Mr. Bethel, who is also executive secretary of the Citizens' Committee for a Free Cuba, Inc., gives an in-depth report in the following three articles which appeared in the Washington Daily News, June 21, 22, and 23. The articles follow:

## **HOW COMMUNISTS TOOK LEAD IN REBELLION FROM THE START**

(By Paul D. Bethel)

(Paul D. Bethel, a former U.S. Foreign Service Officer and an expert on Communist operations in Latin America, was among the first journalists to arrive in the Dominican Republic after the revolt that brought in U.S. troops. Here he reveals the extent of Communist leadership in the rebellion and how it influenced the turn of events there in late April and May.)

Today, as the stalemate in the Dominican Republic seems to be edging—with OAS prodding—toward some sort of an uneasy agreement, it is useful to review and clarify the confused events which brought the country to its present position.

How did the revolt actually start last April 24? Who were the prime movers? Who are the "good guys"? Who are the "bad guys"? Was U.S. action really justified? What is U.S. policy today?

Now there is impressive evidence that the Communists were in on the rebellion from the very beginning. They did not snatch the revolt from the hands of deposed President Juan Bosch's party, the PRD, as has been widely supposed. Both the PRD and the Reds snatched it from the military.

## **CALLED FOR REVOLT**

On March 16, 5 weeks before the April 24 revolt, the central committee of the PCPD (Communist Party) issued a manifesto. It called for "the return of Prof. Juan Bosch to legitimate control of the government," and urged "the working people" to "unite and fight to conquer to eliminate the economic domination by North American imperialism and to establish Socialist democracy which puts the wealth in the hands of the people."

The manifesto thus endorsed Juan Bosch as surest means of establishing this "Socialist democracy," and incited the people to violence and to put him back in power.

"The entire population must fight in the streets, in the squares, in the factories, in the fields, for the return of Juan Bosch as the head of the constitutional government," the manifesto said.

## **KNEW HE WAS THROUGH**

The Communist Party knew that Donald Reid Cabral, president of the civilian junta, was unpopular and that his overthrow was imminent. The party had tested his strength in seven labor strikes in 1 year, weakening the national economy, struggling under Reid's austerity program. Rational as his policies were, they had made him no friends, either in business or labor.

Then there was the military.

Under U.S. guidance, Reid cracked down hard on graft and corruption in the armed forces—the first Dominican leader with the courage to do so. Bosch never challenged the generals nor made any effective moves to curb corruption.

Under Bosch, the three big shots in the contraband racket were the National Police Chief, Peguero Guerra; Air Force Gen. Atilla Luna and Army Gen. Vinas Roman. They ran everything, from nylons to dope, and put millions of dollars into their own pockets.

## **CLEANED UP**

Reid dumped all three generals early this year in a cleanup of the Government. He

removed Luna and Roman from their commands and fired Peguero.

Reid had thus alienated the three pillars needed for support—the military, labor, business. Bosch's PRD and the Communists organized and waited for Reid's ouster.

Ambassador W. Tapley Bennett told a group of us on April 29 that the PRD and the Communists had been collaborating. He said: "The Communists worked with Bosch's PRD for months. They were prepared well in advance of Reid's overthrow."

## **BLUEPRINT**

This was the importance of the March 16 Communist manifesto. It was the blueprint for the events which took place on April 24 and thereafter.

I also learned from an unimpeachable source that Bosch met with two members of the Castro-Communist "14th of June Movement" in San Juan in early March. These two—Victoriano Felix and Rafael Taveras—got Bosch's promise to cooperate with the Communists.

Taveras is a member of the Central Committee of the party. He arranged to tape a question-and-answer session with Bosch. The tape was taken by them to Santo Domingo and turned over to Jose Brea, secretary of finance of Bosch's PRD. He also owns the radio station, Cristal.

It was read over the air April 9 on the program "Here is Santo Domingo" sponsored by the 14th of June Movement.

Bosch's message was anti-American, rabble rousing and pro-Communist. The facts of the story have since been confirmed by official Washington sources.

## **THE HANDS OF COMMUNISTS PULLED STRINGS OF REBELLION**

(Yesterday, Reporter Paul Bethel named the two Castro-Communist leaders who met with deposed Dominican President Juan Bosch early last March, and got Sr. Bosch's promise to cooperate with them. He described how the Communists then issued a manifesto last March 14, 5 weeks before the April 24 revolution started, calling on the people to use force to put Sr. Bosch back in power, to destroy Yankee imperialist domination and establish a Socialist democracy, paying for a radio broadcast of it with Communist Party funds. Today he gives additional evidence, telling how the Bosch forces and the Communists stepped in to maneuver the army revolt into a revolutionary grab for power.)

(By Paul Bethel)

Another fact cementing the U.S. case that the Dominican Republic's revolt which started last April 24 was Communist inspired is presented by Jose Rafael Molina Urena, Bosch's provisional president during the first 4 days of the rebellion.

St. Molina Urena called on our U.S. Ambassador Tuesday night, April 27, and was, in the Ambassador's words, "a thoroughly defeated and dejected man who admitted to me that the rebel movement was in the hands of the Communists." Sr. Molina took asylum in the Colombian Embassy that same night.

Timing was a key element in the rebellion, and it shows there can be little question that the Communists, Sr. Bosch, and Bosch's PRD collaborated from the very beginning.

The pocket-sized rebellion of the military officers on April 24 merely provided the opening. The collaborators took it. Here is what happened.

## **RUMORS FLY**

At 1:30 p.m. on that fateful Saturday, rumors began to fly in Santo Domingo's slums that the Reid Cabral junta had been overthrown. People began to pour into the streets.

A few hours earlier, Reid had dispatched Army Chief of Staff Gen. Marco Rivera Cuesta

to the 27th of February Barracks to sack two officers for graft and disloyalty. Instead Gen. Rivera Cuesta was taken prisoner.

Immediately, the 16th of August Barracks threw in with the rebels, and the revolt was on. (The barracks are named after famous dates in Dominican history).

Why the revolt?

Officers of rank lower than general applauded Reid's moves against Roman, Peguero, and Luna. It gave them a chance to move up.

But when Reid reached down, as he did that Saturday, to fire officers of relatively junior rank, those same officers rebelled.

They saw in his move a plan to crush the power of the military.

#### NOT CIVIL WAR

It is important to note at this moment, however, that the military insurgents had no intention of expanding their pocket-sized rebellion into a civil war. They merely wanted to get rid of Reid and the threat he posed to their privileged position.

Gen. Elias Wessin y Wessin, a career military officer, untainted by graft or corruption, stepped in and tried to mediate the dispute. General Wessin y Wessin was feared by the Communists and respected by his colleagues.

The rebels refused to surrender to General Wessin y Wessin, gambling that he would not push them too hard. They were right. The general felt that Reid's moves would weaken the military establishment which could only play into the hands of the Communists. He came up with a formula to set up a joint military junta—rebel and loyalist—and call for elections within 90 days.

#### RESIGNATION

General Wessin y Wessin says he knew that Reid could never pull through the April crisis and urged Reid a resign "rather than see the country plunged into chaos."

On May 3, while in hiding in Santo Domingo, Reid said: "The Communists used the resentment of the military toward me and were able to undermine civilian control."

Nevertheless, the doughty Scotch-Dominican made a stab at staying in power, overriding the advice of General Wessin y Wessin. That Saturday night he broadcast an ultimatum to the rebels. They were to surrender by 5 a.m. the next day, he said, or they would be attacked by loyalist forces.

But there were no loyalist forces; General Wessin y Wessin refused to back Reid Cabral any longer and Reid was through.

And when General Wessin y Wessin sent a personal representative to meet the rebellious officers on Sunday, the second day of the revolt, in order to arrange details for a caretaker junta composed of both loyalists and rebels until an election could be held, he was met instead with banners demanding Sr. Bosch's return. The election deal was off. General Wessin y Wessin had been crossed. The Bosch Communist combine had gotten to the rebels.

#### THE REBELS IN COLD BLOOD SENT 600 CIVILIANS TO DEATH

(How two Castro-Communists made a deal with deposed President Juan Bosch 6 weeks before the Dominican Republic's revolution was started has been told in a previous installment.

(Mr. Bethel also outlined how, following the deal, the Communist manifesto was broadcast urging the people to overthrow the incumbent, interim President Donald Reid Cabral, and reinstate Sr. Bosch. Today, he describes how the Communist-Bosch coalition doublecrossed and outmaneuvered the army, to take charge of the rebellion and transform it into a revolutionary grab for power with Bosch as their front.)

(By Paul D. Bethel)

On Sunday, April 25, the second day of the Dominican Republic revolt, Gen. Wessin y

Wessin sent a personal representative to meet with the rebels of the 16th of August Barracks. Jointly, they were to set up a caretaker junta composed of rebels and loyalists until elections were called.

The general's emissary was met by banners carrying a slogan from Communist manifesto issued the month before: "We are for the return of President Bosch at the head of the constitutional government." This was the dramatic switch from the agreed-upon elections, maneuvered by the Bosch PRD-Communist combine.

The emissary also found that a large number of the army rebels had slipped into the center of the city where the political and military decisions were being made by the PRD-Communist combine.

The day before, mobs seized Rad's Santo Domingo. Known Communist leaders—among them Castro-Cuban Luis Acosta—harangued the populace to "return President Bosch at the head of the constitutional government."

#### CONFUSED IMPRESSION

This was early—2:30 p.m. on Saturday. People were paraded across the TV screens dragging rifles, armed to the teeth, to give the impression that everyone was supporting the rebellion. Another purpose was to throw the loyalist armed forces into confusion, by televising people in uniform with the civilians. The broadcasts did the job.

In fact, control of radio and television nearly gave the Communists the country. The confusion in the loyalist ranks was enormous. Skillful radio and television propaganda made it appear that the country already was in rebel hands.

As late as 10 p.m. Sunday the Dominican Navy didn't know where it stood. Comdr. Olivero Caminero told a junior commander: "I am with the people but against communism." Broadcasts that the navy had thrown in with the rebels were apparently interpreted by the commodore to mean that the joint rebel-loyalist military junta had been established. There were no clear instructions from the San Isidro base on the politics of the moment simply because Gen. Wessin y Wessin was trying to sort out the tangle.

Adding to the disorganization on Sunday the National Police set free both criminals and political prisoners. Rebels rushed them to the TV station saying the police had gone over to the side of the "peoples' movement." Powerful propaganda. Tremendous confusion.

#### TRUCKS WITH ARMS

But it was organized confusion. Four truckloads of arms roared into Independence Park in the rebel-held portion of Santo Domingo. As one Western diplomat stated: "I saw Peiping Communists, Castro Communists, and Moscow Communists passing out arms to criminals and to the street gangs."

These, then, were the armed civilians referred to in news accounts by overly objective reporters. Gen. Wessin y Wessin's official log says the civilians got the automatic weapons, the soldiers only the hand weapons.

Thus the rebels gained 2 precious days, enabling them to secure and to hold the central part of the city.

Saturday night and early Sunday morning Gen. Wessin y Wessin's tanks moved across the Duarte Bridge over the Ozama River to curb the mobs, a few hours before he was to learn he had been doublecrossed. He confidently expected the army rebels to join him in cleaning out the mobs in the city. Instead, his troops were faced by those same rebels now working together with the organizers and the mobs. This blow to loyalist morale was nearly fatal.

Communist and Leftwing Parties openly endorsed the revolt and called for the return of Sr. Bosch—the MPD (Popular Democratic Movement), the Communist Popular Social-

ist Party, the 14th of June Movement, among others. All are pro-Castro organizations. The FRD provided the all-important front.

#### STREET GANG

Musclemen for the rebels are the turbas—street gangs, something like those who terrorize subway riders in New York City. They also do dirty work for whoever happens to hold power in the Dominican Republic, and will pay them.

During Trujillo's time, police gave street gangs missions to beat up or intimidate Trujillo foes to keep the populace in line.

During the April revolt, the turbas were used by Communist organizers. Their mission—to loot, kill, steal, create chaos, intimidate the populace, exterminate those not in sympathy with rebel aims.

Thus did hate and murder stalk rebel-held streets during the first few days.

Most foreign reporters arrived in Santo Domingo well over a week after the initial outbreak of the revolt. By that time most of the bodies had been removed. Since there were no bodies in abundance, as reported by U.S. Embassy sources, overly hostile reporters scoffed at those reports.

Yet, even the Peace Corps volunteers said that hoes and shovels given to the people for backyard gardening were used to bury the dead, and more were requested. Those same volunteers also reported that leaflets had been passed around by Communist organizers several weeks before the revolt, with instructions on how to make Molotov cocktails out of Coca-Cola bottles and gasoline.

Much other evidence of Communist domination of the rebel movement comes from Havana.

#### FIDELISTA

For example, on May 11, I found that Rafael Mejia (alias "Pichirillo") was in Santo Domingo with the rebels. Mejia was helmsman for the yacht *Gamma* which took Fidel Castro and 82 men from Mexico to Cuba, where they landed on December 2, 1956, and took up the guerrilla fight against Gen. Fulgencio Batista.

Mejia is a Dominican by birth. He holds Cuban citizenship, as well, and is a captain in Castro's rebel army, a graduate of guerrilla training and political agitation schools in Cuba.

The extent of Castro-Communist influence in the rebel camp is fully documented in reports by John Bartlow Martin, President Johnson's special envoy. He named names. He described their activities, ranging from introducing large sums of political money into the country to running "a school for Communist indoctrination." All were trained in Cuba. Some had received training in Russia and China, as well.

A five-man factfinding commission of the Organization of American States gave a devastating report on Communist and Castro-Communist rebel activities. Later the State Department furnished a list of 77 Communist leaders.

Several Senators, including Alaska's ERNEST GRUENING and Connecticut's THOMAS DODD, are critical of some of our press for not reporting those findings.

About noon, on Sunday April 25, the rebel radio announced that Juan Bosch had designated Jose Rafael Molina as "provisional constitutional President."

#### COLDBLOODED

During the next 2 days, the rebel radio coldbloodedly directed civilians to go to areas which the loyal Dominican Air Force leaflets had warned would be bombed. It is not known how many were killed. The U.S. Embassy's estimate was 1,800 casualties, 600 dead.

On Sunday night, it looked as if the rebels had the upper hand.

Rebel provisional President Molina first issued himself two pistols and then signed

several decrees to give the impression the loyalist cause was lost.

But by Tuesday morning, the Air Force's Vampire jets had silenced the rebel radio, the navy was lobbing shells into the presidential palace, and the loyalists held.

By Tuesday night, provisional President Molina had sought asylum.

The next day, Wednesday, April 29, the U.S. marines began to arrive, and the PDR-Communist strike for power had bogged down in a tiny enclave in the center of Santo Domingo, where it still is today.

(Mr. BROYHILL of Virginia (at the request of Mr. DEL CLAWSON) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

[Mr. BROYHILL of Virginia's remarks will appear hereafter in the Appendix.]

#### WHAT ABOUT OUR COINS?

(Mr. BATTIN (at the request of Mr. DEL CLAWSON) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BATTIN. Mr. Speaker, next week this body is scheduled to receive a bill that would result in the demise of our silver coins. I consider the proposal to mint coins without silver as wholly unnecessary and undesirable and only another step in the debasement of our coins and the devaluation of our currency.

Mr. Addison Bragg, a staff writer for the Billings Gazette, has written an excellent article, more or less an obituary of our coins. I recommend the article to those of you who are concerned with the probable disappearance of our silver coins when the new funny money is introduced to the American people.

I am part of a generation that has heard the stories of the disappearance of our gold coins so perhaps Mr. Bragg's article will prove the adage that truth is stranger than fiction.

Following is the article from the July 1, 1965, Billings Gazette:

AND THEN IT WAS LEGEND—GRANDPA, TELL US ABOUT MONEY AGAIN

The old man sat by the window and watched as his grandchildren played at their games, the same games, he recalled, that he'd played once a long time ago.

The eldest, tiring as even the eldest of young grandchildren do, ran to the big leather chair and thumped her fists on the arm impatiently.

"Tell us, grandpa," she said, "about how it was when you were little."

The old man smiled.

"Do you want to hear about the planes," he asked. The little girl shook her blonde curls.

"Tell us," she said, as the others deserted the jacks and the ball rolled forgotten under a chair, "about the money."

He pulled a worn and shiny billfold from his pocket and from it took an object, carefully wrapped in tissue paper.

"We've seen that before, grandpa," the boy said. "And we've heard you tell us about how your father gave it to you when you were a little boy. Don't tell us about the big ones. Tell us about the little moneys with funny names."

"First," said the old man, "there was a penny. It was made of copper and if you rubbed it back and forth on a carpet it would shine."

"Susan's daddy's got a penny," the girl said. "I saw it once."

"Then," the old man went on, "there was a nickel.

The boy remembered reading about nickels with buffalos on them and asked his grandfather if he'd even seen one. The old man shook his head.

"I spent a nickel that had Jefferson's head on one side," he said. That was before he realized what it was worth, he added.

The girl leaned on the chair arm. "Tell about your favorite," she said.

The dime, her grandfather continued, was the smallest coin made from silver. "Your grandmother had one set in a ring," he said, "but it was stolen long before you children were born."

Dimes were fun, said the old man.

"You could buy candy bars, make phone calls, or get coffee with them," he told the children. Some people, he added, even used dimes to tighten screws.

The children like to hear about the quarters and the half-dollars and laughed every time the old man called them "two-bit" and "four-bit" pieces.

He'd never seen either, though.

"My father said he'd kept one of each for me if he'd known in time—but he just went downtown one morning and they were all gone."

The quarter and the half, he said, were the first to go. "Except," he added, "the big silver dollars. I remember my father telling me when he was your age people used to carry them around and spend them just like regular money today."

"Tell about how money had God on it," prompted the boy.

And the old man told of how each piece of money carried the words, "In God We Trust" until one year when it was dropped from a \$1 bill and eventually disappeared altogether.

The two children now wanted to look at their grandfathers' big dollar. He took it out, unwrapped it and held it in the sunlight and nodded when the boy asked if he could touch it.

"Gee," both children said, wide eyed.

The old man wished he owned two. It would be nice, he thought, if he could leave one for both the boy and the girl. But it was impossible.

The silver dollar always went to the eldest son. That's how his father had gotten it.

(Mrs. BOLTON (at the request of Mr. DEL CLAWSON) was granted permission to extend her remarks at this point in the Record and to include extraneous matter.)

[Mrs. BOLTON'S remarks will appear hereafter in the Appendix.]

#### THE INDEPENDENT SCHOOLS TALENT SEARCH—NEW ENGLANDERS' IDEA BECOMES A NATIONAL PROGRAM

(Mr. CONTE (at the request of Mr. DEL CLAWSON) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. CONTE. Mr. Speaker, throughout the history of this country we have witnessed the birth of many ideas in New England which have become national programs, many of which have altered the course of action taken by our Government and given a better way of life to all of our people. So it is with a most encouraging program now being admin-

istered by the Office of Economic Opportunity under the able direction of Sargent Shriver, Director of the Nation's war on poverty.

The program is the independent schools talent search. Born and nurtured in New England, since its inception the program has been characterized by service to youngsters from many sections of the United States. From its earliest days, Dr. Howard L. Jones, president of the Northfield and Mount Hermon schools in East Northfield, Mass., and chairman of the original group of 60 private schools that founded the program, recognized that this program could set a pattern which would be of major assistance to our national efforts to eradicate poverty in this country.

Under the chairmanship of Dr. Jones, these private schools joined together to seek out capable young persons from low-income homes who had at least 2 years, and preferably 3, of secondary schooling to be accomplished. Their potential academic abilities, given the opportunity to develop and apply their talents, were the only credentials required for their admittance to the program, which was a response to the oft-repeated statements from colleges and universities that they would be happy to enroll more such young ladies and gentlemen, if they could find qualified applicants.

Two field representatives were employed by ISTSP, as it was also known at that time, who traveled throughout the country in search of promising students who were, and would continue to be, academically frustrated by deprivation in their homes if no assistance were to be made available to them.

In January of this year, there were more than 75 students enrolled in the member schools and, by any measure, the reports on their progress were most encouraging. Next year these schools hoped to add at least a hundred more students. But found the enthusiasm and response to the program frustrated by severely limited financial aid budgets.

Each school was faced with raising more than \$2,500 each year for each one of these students. As all of us here today are aware, virtually every private school in the country today operates under serious financial limitations. Fortunately, for the youngsters whose potential talents called out, not only for the continuation of this program, but for its expansion, Dr. Jones, with the support of the member schools of the ISTSP, brought their case to my attention and to the attention of many of my colleagues in the Congress and pertinent Government officials here in Washington.

I am extremely gratified by the response which greeted this idea in Washington and by the inclusion of this program as a part of the worthwhile and diligent efforts of the Office of Economic Opportunity. I strongly urged this action and my participation in assuring the continuation and expansion of this bold program was an easy task, for the program spoke so ably for itself.

Today, under the OEO program, there are 45 ninth-grade boys attending classes at Dartmouth College and 35 ninth-grade

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girls attending Mount Holyoke. Those students who successfully complete the intensive academic curriculum in math and English at these colleges this summer will be admitted with a full scholarship to 1 of the 70 private preparatory schools which make up the independent schools that are now involved in the talent search. This summer's program is in the nature of a pilot project for the national application of the program of Dr. Jones and the group of individual schools that participated under his leadership.

I am confident that the success achieved by these original cosponsors of this idea will be duplicated this summer and serve as a springboard for year-round programs that are necessary today to prepare youngsters from low-income homes for the competitive business of college admission. It is heartening to me to see the hopes of these New Englanders come to fruition for the benefit of all the worthy young men and women of this country who would otherwise be deprived of this opportunity and on whose shoulders will be placed the burden of the hopes and ambitions of all of us for the years ahead.

In the words of Dr. Jones:

We know that education is the key to unlocking the doors of opportunity to thousands of presently deprived youngsters. The independent schools talent search program can play an important role in moving toward a whole new era of opportunity for persons who have not heretofore had the chance to become what they might become, given the finest possible education opportunities.

There could be no more apt an illustration of the concern of our independent schools for making their resources available to all. The contribution which it is now possible for the academicians to make, I believe is indeed an exciting prospect. The benefits of this program will be reaped by all in terms of future doctors, scientists, lawyers, and leaders of the academic, political, and arts communities of the United States.

It is a singular source of pride for me, as I am sure it is for all bay Staters and New Englanders, that the initiative of the renowned and respected academic community of this region has made still another in the long line of contributions in the national interest.

#### ELIMINATING THE BALANCE-OF-PAYMENTS DEFICIT STILL HAS TOP PRIORITY

(Mr. CURTIS (at the request of Mr. DEL CLAWSON) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CURTIS. Mr. Speaker, the idea that it would be dangerous for the United States to eliminate its balance-of-payments deficit has received considerable attention in the press recently. In his column in the Washington Post on June 28, Hobart Rowen said that the prudent course would be to continue a moderate deficit while taking steps to protect our gold stock. He questions the wisdom of the administration's drive to eliminate the deficit. The basis for his position is that the world needs additional dollars to finance expanding world trade and

payments. To cut them off might cause economic trouble abroad.

I do not question the long-run need of the world economy for a larger supply of liquidity—either in dollars or some other form. The fact is that at the moment, liquidity is adequate. Almost all experts agree on this fact. The need today is twofold: First, the United States must eliminate its deficits, which are piling up excessive dollars abroad which represent a potential call on our gold stock; and second, there must be international monetary reform to provide for a more orderly and rational method of supplying world liquidity needs when the U.S. deficit has been eliminated.

Mr. Rowen's position needs more careful examination, however. Have we licked the deficit already? Are we putting a squeeze on our friends overseas? Has our capital restraints program been too successful? I believe recent balance-of-payments figures indicate that the answer to all three questions is "No."

As has been reported in the press, the balance of payments will show a small surplus in the second quarter. This arises, however, not so much from the restraints on capital outflows as from the higher than usual level of exports in that quarter because of the dock strike in the first quarter. The first and second quarters together should show a deficit of about \$500 million. For the year as a whole, it is likely that the deficit will run between \$1 and \$1.5 billion, a considerable improvement over recent years, but still sizable. A large part of the ground gained by the administration's program is expected to be lost by higher U.S. imports.

Much of the drop in capital outflows in the second quarter is due to factors other than the administration's program, although that has contributed as well. For one thing, during the first quarter the seasonally adjusted outflows for direct investment overseas and for long-term bank loans were unusually high—\$1 billion and \$552 million, respectively. This was due to anticipation of controls to come and was clearly too large to sustain. Even without the capital controls, a drop in capital outflows during the second quarter was to be expected.

Even with the capital controls program, however, the outflow on direct investment should be somewhat larger this year than last, when it was \$2.4 billion. The increase, however, should be slight. As for new issues of foreign securities—a prime target of the interest equalization tax—the outflow was rising sharply at the end of 1964 and seems now to be running at an annual rate of over \$1 billion a year, or about at the levels of the previous 3 years.

The effect of our capital controls on the economies of other countries arises from the curtailment of bank loans and the repatriation of corporate short-term funds.

The country in most financial difficulty is Japan. This difficulty has little or nothing to do with capital controls, but rather with the fact that American banks have begun to feel that they have overloaned to Japan in recent years. Even before the capital restraints, American

banks were beginning to tighten up on loans to Japan.

The United Kingdom may be hurt to some extent by the reduction in bank loans and the pulling back of funds from the Euro-dollar market. The extent of this effect cannot be precisely determined. On the continent, however, much of the inflow of U.S. funds was unwanted. Most European countries were fighting inflation, and it was believed that dollars were contributing to inflationary problems. The capital restraints probably have helped in the fight against inflation.

In short, the newly developing position of some writers and economists, to the effect that we should ease up on trying to solve the balance-of-payments problem because we are damaging economies abroad, is not well founded. It is true that if the administration's capital restraints program were really effective, and if it were to continue for some time, economies abroad would be starved for needed funds. This is not yet the case.

By these remarks, I do not want to imply that I approve of the capital controls. I believe more fundamental solutions are needed to the balance-of-payments problem, and I have spelled these out in detail on other occasions. I do think it is dangerous, however, to slacken up on trying to solve the problem by stating that our programs are now such a success that we are currently causing serious economic trouble abroad. If we fail to eliminate our deficit, the problems before us will dwarf the temporary inconvenience that our capital restraints may now be causing in some areas. The results in that case are likely to be a full-blown international monetary crisis.

#### LAW AND ORDER

(Mr. DERWINSKI (at the request of Mr. DEL CLAWSON) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DERWINSKI. Mr. Speaker, our attention is being increasingly directed to a growing disregard for law and order in the country. The inspiration for this type of development seems to come from the militant and irresponsible leadership of self-appointed civil rights advocates. However, our entire concept of law and order seems to be under attack.

Therefore, I place in the RECORD at this point as part of my remarks an address that was delivered by the Lieutenant Governor of the Commonwealth of Pennsylvania, Raymond P. Shafer, at the Law School of Villanova University alumni dinner on February 11, 1965, which has special significance at this time:

#### LAW AND ORDER—TODAY

(Address by Lt. Gov. Raymond P. Shafer, of the Commonwealth of Pennsylvania)

If you pick up a volume of legal essays written in the 1930's, you will invariably find that they embrace such philosophic titles as "Law and Religion," "Law and Ethics," "Law and Literature," and so forth.

Perhaps there is a clue to be found here as to the temper of the times, which Edmund Burke once observed, should be the first study of a statesman.

We look back upon those days with the grim remembrance of the depression, when