

amount. The effect, however, on others of thus recognizing the full effort they are making would, I believe, be substantial in stimulating and encouraging even greater endeavors. For these reasons, I hope the House provisions on both these points will prevail.

Mr. JAVITS. Mr. President, I wish to associate myself with the remarks made by the Senator from New Jersey in calling to the attention of the conferees on the part of the Senate the very great contribution which can be made by the United Nations Special Projects Fund as part of the U. N. Expanded Technical Assistance Program as dealt with in section 7 (b) of the bill which, in the version of the bill which is before the Senate, differs from the corresponding provision in the version of the bill which was passed by the House of Representatives.

As my colleague has explained, if the provision which is to be found in the version of the bill before the Senate is retained, then the percentage our country can contribute will decline to 38 percent in 1959 and to 33½ percent in 1960, whereas the House has fixed the percentage at 40 percent.

For a number of years we have opposed, in the United Nations, the Special United Nations Fund For Economic Development, which is called SUNFED, because, in substance, the United States felt that it was unwise and would rather hinder the development of underdeveloped areas, because both they and we would be biting off far more than we could chew or digest and because there was no guaranty whatever that the program would be adequately financed.

Nevertheless, Mr. President, the underdeveloped areas have backed SUNFED very strongly; and the only means by which we, in cooperation with other nations, have been able to hold off the establishment of SUNFED which we considered unwise at this time has been by means of the astoundingly able job which has been done by Congressman Judd in the U. N. General Assembly's last session in getting adopted the resolution for the Special Projects Fund.

Mr. President, this Special Projects Fund will constitute the link between straight technical assistance and more extensive development, by providing for planning for projects and for institutes in which people can be taught how to administer these projects when they are financed. If we fail to go along with the House of Representatives we will be yielding the benefit of an important gain for our point of view made in the U. N.

For these reasons, I think the course of greatest economy and greatest efficiency is for the Senate to join the House of Representatives in favoring the provisions which have been voted by the House of Representatives; and I commend that course very strongly to the conferees on the part of the Senate.

WASHINGTON AREA AIRSPACE PROBLEM

Mr. STENNIS. Mr. President, will the Senator from California yield to me?
Mr. KNOWLAND. I yield.

Mr. STENNIS. Mr. President, the current and growing critical problem of airspace in the Washington area emphasizes the immediate and urgent need to do something about it now, and not in the distant or indefinite future.

The Subcommittee on Military Construction, of which I am the chairman, has the main responsibility for recommending the authorizations which are essential for the establishment of military installations, including airbases. Currently we are considering S. 3756, the fiscal year 1959 military construction authorization bill. Two items are included in the bill; one for the Navy in the amount of approximately \$18 million, and one close to \$20 million for the Air Force. These authorizations if approved are to be utilized in the expansion of Andrews Air Force Base and the John Tower Air Facility located at Andrews. The services have indicated that they propose eventually to move their flying operations from Bolling and Anacostia fields.

For some time I have been gravely concerned about the problems arising from the multiple utilization of airspace by military and civilian aircraft. It is obvious that the air space problem in Washington is becoming more and more acute, even as it is in many other parts of the country. I feel strongly, and I know that other committee members agree with me, that Congress can no longer approve the establishment or expansion of military air facilities in heavily populated centers without covering thoroughly the airspace problem.

A few days ago we took preliminary testimony from Navy and Air Force witnesses concerning their plans to move air operations from Bolling and Anacostia. At that time the witnesses indicated that they proposed to move as soon as the construction of adequate facilities at Andrews were completed. One witness indicated that such a move might be as late as the first quarter of the calendar year 1963 before Bolling and the MATS terminal at National Airport would cease to be used. The earliest possible date mentioned in the testimony was some time late in 1960. I cannot help feeling that this is not early enough.

We all understand that the services have many military requirements constituting the operation of aircraft in the Washington area, but I have come to the conclusion that regardless of these requirements some additional vigorous and prompt action must be taken immediately to ease the situation, even if it means that on a temporary basis we must find substitute solutions to meet the requirements of the military.

In 1957, there were 280,000 flights from National Airport, of which 7,700 were MATS aircraft. At Bolling there were 42,000; at Anacostia, 72,000. Andrews also was a busy airport with 222,000 flights. This makes a total of about 626,000 aircraft operations in the Washington area annually of which, if these figures taken from the testimony are correct, only a little more than 270,000 were civilian. These figures sound fantastically high; but they are taken di-

rectly from testimony given the committee on May 26, so I assume they are correct—at least accurate enough to indicate the magnitude of the problem.

Today, I asked Gen. E. R. Quesada, Special Assistant to the President, Chairman of the Airways Modernization Board, and Chairman of the Air Coordinating Committee, to appear before the subcommittee and discuss the problem. We found General Quesada highly informed on the subject and most cooperative. We indicated to General Quesada that we wanted not only a temporary solution for the interim period, but also a permanent one predicated on long-range planning.

I suggested to General Quesada that he check with the services involved, and review the possibility of immediately moving certain of the proficiency and other military flying operations from the Washington area to outlying areas, even if such required conditions which would not be considered satisfactory to meet all military requirements over a long period of time. General Quesada readily agreed to make such an investigation, and promised to give the Committee a report within the next 10 days.

Mr. President, it becomes increasingly obvious that we must soon find a definite solution to the airspace congestion which in the past few months has resulted in so many tragic fatalities. I cannot help but feel that many of those disasters could have been avoided through long-range planning. It seems clear that we must move as many of these flying activities as possible away from our cities and congested areas, in accordance with a master plan. I make these remarks both to emphasize the problem once more and to indicate that something should be done about it. I call on the Secretary of Defense and the Secretaries of the Army, Navy, and Air Force to give every cooperation to General Quesada in his survey, and to move with all possible dispatch.

I suggest that immediate arrangements be made to lessen the area's air traffic—even if that requires the transportation of pilots to other fields, such as Patuxent or Norfolk, for their proficiency flying. This was one of the main items we asked General Quesada to weigh.

Mr. President, we look forward with great interest to his report in 10 days' time.

PROGRAM OF GRANTS-IN-AID TO REPUBLIC OF THE PHILIPPINES FOR HOSPITALIZATION OF CERTAIN VETERANS

Mr. JOHNSON of Texas. Mr. President, I ask that the Chair lay before the Senate a message from the House in connection with House bill 6908, a bill to authorize modification and extension of the program of grants-in-aid to the Republic of the Philippines for the hospitalization of certain veterans, and for other purposes.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the

Senate to House bill 6908, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
May 28, 1958.

Resolved, That the House agree to the amendments of the Senate numbered 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 to the bill (H. R. 6908) entitled "An act to authorize modification and extension of the program of grants-in-aid to the Republic of the Philippines for the hospitalization of certain veterans, to restore eligibility for hospital and medical care to certain veterans of the Armed Forces of the United States residing in the Philippines, and for other purposes" and concur therein; and

That the House disagree to the amendment of the Senate numbered 3.

Mr. JOHNSON of Texas. Mr. President, the House has agreed to all Senate amendments to this bill but one. That amendment deals with eligibility standards of veterans.

With the approval of the minority leader, and the chairman and ranking minority member of the Committee on Labor and Public Welfare, I now move that the Senate recede from its amendment numbered 3.

_____ motion was agreed to.

MUTUAL SECURITY ACT OF 1958

The Senate resumed the consideration of the bill (H. R. 12181) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. KNOWLAND. Mr. President, I send to the desk an amendment, and ask that it be read for the information of the Senate.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, on page 48, line 4, before the comma, to insert the words: "furnished to foreign governments by the United States under this act or any other foreign assistance program of the United States."

Mr. KNOWLAND. Mr. President, my amendment is not printed, but it is very brief, and I shall read it in order that Senators may follow it.

On page 48, line 4, before the comma, it is proposed to insert the words: "furnished to foreign governments by the United States under this act or any other foreign assistance program of the United States."

The background of this amendment is that in the House the committee had inserted certain language in the bill. When it reached the floor the so-called Sikes amendment was adopted, reading as follows:

Such regulations shall prohibit the return to the United States (other than for the Armed Forces of the United States and its allies) of any military arms or ammunition furnished to foreign governments by the United States under this act or any other foreign assistance program of the United States.

When the bill came before the Committee on Foreign Relations there was a considerable amount of discussion. The distinguished Senator from Massachusetts [Mr. KENNEDY] offered some language which was finally included, after

considerable discussion. It reads as follows:

Such regulations shall prohibit the return to the United States for sale in the United States, other than for the Armed Forces of the United States and its allies, of any military firearms of United States manufacture whether or not advanced in value or improved in condition in foreign countries. This prohibition shall not extend to small arms and ammunition which have been changed and so substantially transformed as to become articles of foreign manufacture.

This amendment comes at the end of section 414 (b), and it relates to munitions control.

I think it is fair to say that most Members of the committee were very much impressed by the arguments of the Senator from Massachusetts in relation to any arms which had been furnished under the Mutual Aid Act or any of its predecessors.

There was considerable sentiment in the committee—though it does not finally reveal itself in the language which was reported to the Senate—to the effect that in dealing with other arms we were dealing with a subject which should come before the Senate Finance Committee or other appropriate committee of the Senate dealing with foreign trade. It was felt that it was not a matter which should be dealt with in connection with the mutual-aid program.

I should like to address an inquiry to the distinguished chairman of the committee, the Senator from Rhode Island [Mr. GREEN], to see whether, under the circumstances, he could accept the amendment and take it to conference.

Mr. GREEN. I shall be glad, on behalf of the committee, to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND].

The amendment was agreed to.

Mr. BRIDGES. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Hampshire will be stated.

The CHIEF CLERK. On page 35, line 3, immediately after "Sec. 5." it is proposed to insert "(a)".

On page 35, between lines 12 and 13, it is proposed to insert the following new subsection:

(b) Section 143 of the Mutual Security Act of 1954, as amended (which relates to assistance to Yugoslavia), is amended to read as follows:

"Sec. 143. Prohibition of assistance to Yugoslavia and Poland: Notwithstanding any other provision of law, no assistance shall be furnished under this act to Yugoslavia or Poland after the expiration of 60 days following the date of the enactment of the Mutual Security Act of 1958."

Mr. BRIDGES. Mr. President, this is a very simple amendment. I do not see any reason for a great deal of discussion of it. Members of this body know whether they approve or do not approve rolling out the red carpet and strengthening Communist governments such as Yugoslavia and Poland. I am against

communism wherever it exists. It is a menacing international conspiracy. For that reason I propose shutting off any future aid to Yugoslavia and Poland.

Mr. President, I could discuss the amendment for hours; but I have stated the main issue. I think all Senators know the story. I rest my case there.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I have prepared on this subject.

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

STATEMENT BY SENATOR BRIDGES

The Congress of the United States is once again faced with the question of foreign-aid policies and programs.

Since adjournment last August, a number of events directly bearing on this question have occurred. Those relating to Yugoslavia and Poland are the concern of my remarks at this time.

As I understand State Department policy, it is to grant aid to Yugoslavia and Poland as a calculated gamble, hoping those governments will assert independence from the U. S. S. R. The administration contends it is to our best interest to encourage national communism which would thereby crack the solid wall of the Soviet bloc.

Events of the past few months hardly endorse this reasoning. On the contrary only last November Tito called it a "stupidity" to assert either Yugoslavia or Poland was cultivating national communism. He said they are not.

Gomulka has called for greater ties with the Soviet and signed the November Communist communique which reaffirmed the international nature of the Communist movement.

Poland voted more often against the United States position in the session of the UN General Assembly last fall than Russia did.

Poland and Yugoslavia voted against the UN resolution condemning the Soviet Union for its action against the Hungarian people in the freedom revolt.

Poland voted against a resolution urging admission of South Korea to the United Nations. Yugoslavia abstained.

Poland voted against a U. N. resolution urging unification of Korea. Yugoslavia abstained.

Yugoslavia formally recognized Communist East Germany. Poland has had diplomatic relations with East Germany since the latter government was set up.

Poland attended the Russian 40th anniversary celebration in Moscow last November. Tito did not, but he called for full unity of all socialist—meaning Communist—forces.

Nevertheless in less than a year, the United States had extended \$193 million in aid to Poland.

And Yugoslavia continues to receive American assistance.

There are some people who sincerely contend that Tito's brand of communism is not the dangerous brand of communism that Khrushchev's is.

There are some people who contend the Gomulka government represents a move for Polish independence from Moscow.

I should like to remind the Members of the Senate and the people of the United States of statements made by both Tito and Gomulka that clearly and firmly show that Tito and Gomulka are dyed-in-the-wool Communists and that they do not consider there is any such thing as national communism.

I have in my hand a pamphlet prepared by the Legislative Reference Service of the Library of Congress at the direction of the House Un-American Activities Committee.

This pamphlet gives historical data on Tito and on Gomulka. It is dated October 11, 1957, and so is fairly up to date.

The very first sentence regarding Tito quotes the dictator of Yugoslavia as summing up his life in one sentence. Tito declared "I am a Communist and nothing but a Communist."

If Tito says he is a Communist, we should take him at his word; and, I might add, that is one of the few statements Tito has made which I consider reliable.

The House Un-American Activities Committee pamphlet continues:

"Tito is a part of the world Communist movement. The clash with Stalin in 1948, it is true, forced Tito's reorientation in foreign affairs (reconciliation with Greece, acceptance of military and economic aid from the Western Powers, etc.) but in no fundamental way did it alter his political faith. This dispute with Stalin was primarily a personal affair, a power struggle between two dictators, and not a disagreement on the general tenets of Marxism-Leninism.

"Tito never denied the 'validity' and 'truth' of Communist doctrine, but he contested Stalin's right to impinge upon his own domain and Stalin's refusal to tolerate 'little Stalins'."

Referring to a 1957 interview, the pamphlet states that Tito acknowledged there was "some difference" between communism in Yugoslavia and the U. S. S. R. He hastened to add that "there are not big, ideological differences.

He said further, according to the pamphlet, that "we have the same aim—that is to say—the building of socialism and communism."

According to the House Un-American Activities Committee pamphlet, Tito and Gomulka met in 1957 and reaffirmed their ties to Moscow without reservation. Here are the exact words:

"At the end of his recent conferences with Premier Gomulka of Poland, Tito and the Polish dictator again reaffirmed their ties to Moscow without reservation.

"When the United Nations General Assembly voted overwhelmingly to condemn Russia for the bloody reprisals against the Hungarian patriots, both Poland and Yugoslavia dutifully voted against such condemnation."

In conclusion, the pamphlet declares:

"Before, during, and after World War II, Tito has invariably shown himself to be a dedicated Communist. A powerful ideological affinity binds him firmly to his Communist brethren. During the last few years, in fact, he has clearly moved closer to a political alignment with Moscow. Tito's general philosophy of life, the nature of his regime, and his inflexible commitment to communism all militate against a lasting rift with the Kremlin."

Now, I should like to read excerpts from the same pamphlet issued by the House Un-American Activities Committee regarding Premier Gomulka of Poland. I quote:

"Gomulka does not have any intention of abandoning the Communist system; on the contrary, while his 'road to socialism' may differ from the Russian one, it is still a road to socialism. Although he has made a few adjustments to the local situation in Poland, he insists upon carrying out the tenets of Marxism-Leninism, a position which simply means that the problems he faces will never be solved as long as he or any other Communist is in power.

"Gomulka has made his position abundantly clear. He denies being a 'national Communist,' stating that this concept is an American invention.

"To prove this, he emphasizes that his program includes the main aims of every Communist Party, which he describes as

"(1) the seizure of power by the Communists;

"(2) the establishment of a Communist dictatorship;

"(3) nationalization of industry, collectivization of agriculture, and the establishment of a planned economy; and

"(4) promotion of international communism in foreign affairs."

Let us consult Mr. Gomulka's own words. According to the Un-American Activities pamphlet I have here, Gomulka has said:

"There are only 2 camps, 2 roads—the road to socialism represented by the Soviet Union, and the road to capitalism and imperialism represented by the United States.

"I realize very well where the future of the Polish nation and of the Polish working class lies—it is not with the West."

I call the attention of the Members of the Senate to this further statement of Gomulka;

"If there is anyone who thinks that it is possible to kindle anti-Soviet moods in Poland, then he is deeply mistaken. No attempt to sow distrust of the Soviet Union will find a response among the people of Poland."

Mr. President, I take these statements at full face value. I think the American people should take them at full face value.

We made the great mistake of not taking Hitler at his word. Let us not make that mistake again.

Mr. President, I urge adoption of the pending amendment to deny aid to Yugoslavia and Poland.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES].

Mr. BRIDGES. I ask for the yeas and nays.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

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

The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES].

Mr. BRIDGES. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McCLELLAN (when his name was called). On this vote I have a pair with the distinguished senior Senator from Florida [Mr. HOLLAND]. If he were present and voting, he would vote "nay," if I were permitted to vote I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], the Senator from Arizona [Mr. HAYDEN], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the

Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD] would vote "yea."

On this vote the Senator from Delaware [Mr. FREAR] is paired with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Delaware [Mr. FREAR] would vote "yea" and the Senator from Montana [Mr. MURRAY] would vote "nay."

On this vote the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from Arizona [Mr. HAYDEN]. If present and voting, the Senator from South Carolina [Mr. JOHNSTON] would vote "yea" and the Senator from Arizona [Mr. HAYDEN] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPPLE] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Kentucky [Mr. COOPER] is detained on official business.

The Senator from Wyoming [Mr. BARRETT] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from Kentucky would vote "nay."

The Senator from New Hampshire [Mr. COTTON] is paired with the Senator from New York [Mr. IVES]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from New York would vote "nay."

The Senator from Kansas [Mr. SCHOEPPLE] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 22, nays 54, as follows:

YEAS—22

Bricker	Ervin	Russell
Bridges	Goldwater	Smith, Maine
Butler	Hruska	Talmadge
Capewhart	Jenner	Thurmond
Chavez	Jordan	Williams
Curtis	Knowland	Young
Dworshak	Malone	
Eastland	Potter	

NAYS—54

Aiken	Gore	McNamara
Allott	Green	Monroney
Anderson	Hennings	Morse
Beall	Hickenlooper	Morton
Bennett	Hill	Mundt
Bible	Hoblitzell	Neuberger
Bush	Humphrey	Pastore
Carlson	Jackson	Payne
Carroll	Javits	Proxmire
Case, N. J.	Johnson, Tex.	Furtell
Case, S. Dak.	Kefauver	Smathers
Church	Kennedy	Smith, N. J.
Clark	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lausche	Symington
Ellender	Magnuson	Thye
Flanders	Mansfield	Watkins
Fulbright	Martin, Iowa	Wiley

NOT VOTING—20

Barrett	Cotton	Holland
Byrd	Frear	Ives
Cooper	Hayden	Johnston, S. C.

Kerr	Murray	Saltonstall
Long	O'Mahoney	Schoeppel
Martin, Pa.	Revercomb	Yarborough
McClellan	Robertson	

So Mr. BRIDGES' amendment was rejected.

Mr. ELLENDER. Mr. President, I call up my amendment designated "6-5-58-D" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 63, between lines 4 and 5, it is proposed to insert the following:

(1) Amend subsection (h) to read as follows:

"(h) The term 'value' means—

"(1) with respect to any excess equipment or materials furnished under chapter 1 of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

"(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I, which are taken from the mobilization reserve, or which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the average gross cost of each unit of that equipment and materials owned by the furnishing agency, adjusted as the Secretary of Defense may determine to be appropriate for condition and market value, but in no instance shall such adjustment result in a price in excess of the average gross cost of such equipment and materials; and

"(3) with respect to any equipment or materials furnished under chapter 1 of title I, which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

"In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency."

On page 63, line 5, strike out "(1)" and insert "(2)."

On page 63, line 7, strike out "(2)" and insert "(3)."

Mr. ELLENDER. Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, before I discuss the pending amendment, I should like to review, for the benefit of my colleagues, the course of this country's foreign-aid program from its inception.

During and soon after the close of World War II, this Nation began a program of aiding peoples throughout Western Europe, the Middle East and the Far East, who were badly hurt, either financially or otherwise by the war. I assume that I am correct when I say that the United States is the only nation which ever fought a war, defeated its enemy, and then turned around and gave aid and assistance to its former enemies.

Mr. President, at this time I shall not go into the details of how such a course came about. My objective at this time is to describe how an aid program such as was started by this country after World War II could balloon into a being of mammoth expenditures.

It will be recalled that the first actual organization designed to furnish aid to destitute peoples which the United States established, with the assistance of some of our friends across the seas, was UNRRA, although prior to that time, we had given considerable aid on an emergency basis to the French, Italians, and other peoples of Western Europe. This aid, at the beginning, was devoted primarily to the relief of actual hardships. But soon relief grew into rehabilitation; and from rehabilitation we proceeded to reconstruction.

Mr. President, all of that was, in a measure, begun when UNRRA was established. Under that program, although we were acting in association with some countries of Western Europe, Uncle Sam paid 73 percent of the total spent.

In passing, I wish to say that soon after the war I visited many countries which had received aid through UNRRA. In particular, I remember going to Ethiopia. There, I saw more than 2,000 disk plows and many tractors stacked up, and which were never used. Those disk plows and tractors could have been of value to the United States; but we deprived ourselves of them, in order to make them available to our friends who had been hurt by a cruel war. However, the manner and method in which UNRRA was administered remind me a good deal of the way in which later programs have been administered. There was then, and there has been since, decided waste in all these programs, as I have pointed out on many occasions.

Up to the dissolution of UNRRA, United States expenditures amounted to approximately \$9 billion in grants and from seven to eight billion dollars in loans. It is my sincere hope some of this will be repaid. This was the cost as the UNRRA program began as a relief program, as I have just stated and then moved into the field of rehabilitation.

When it was found that our friends, who had contributed some funds to UNRRA, would not put up any more for the new field of reconstruction, then it was that big-hearted Uncle Sam was asked to carry the entire load. Soon after was born the well-known Marshall plan.

I wish Senators would listen, and I hope those who are not present will read the RECORD, so they can find out exactly what kind of a program that great general, George Catlett Marshall, asked us to embark upon.

Mr. President, I have no apologies to make for the vote I cast in favor of that original program. If I had it to do over, I would vote for it again, because its original concept made sense.

It was to assist our friends across the seas who had been hurt by a most cruel war.

What did General Marshall say about what was to become known as the Marshall plan?

In discussing the plight in which Europe found itself at that time, General Marshall said:

It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no po-

litical stability and no assured peace. Our policy is directed not against any country or doctrine, but against hunger, poverty, desperation, and chaos.

Its purpose should be the revival of a working economy in the world so as to permit the emergence of social and political conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that this Government may render in the future should provide a cure rather than a mere palliative.

General Marshall continued:

It would be neither fitting or efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the European. The initiative, I think, must come from Europe.

That is what General Marshall had in mind. That is what I had in mind when I voted for the original Marshall plan.

Let me also quote from General Marshall's statement before the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. He said:

Loans should be made to cover—

Remember, he said loans.

Loans should be made to cover imports of capital equipment and raw materials which will directly produce the means of repayment and where such repayment can reasonably be expected. At the same time every encouragement should be given to early initiation of private financing so as to eliminate as far as possible the necessity for direct assistance from the United States Government.

That was General Marshall speaking. He said further:

It is obvious that the basic responsibility for European recovery rests on the European countries themselves.

Again, that was General Marshall speaking.

However, this Government must have assurance that the aid it provides is effectively utilized for the achievement of European recovery as rapidly as possible.

Mr. President, there was little difficulty in securing congressional approval of such a program. Nor was there much objection on the part of the people of the United States in undertaking a program of that character. But it was not long before the principles enunciated by General Marshall were simply neglected. His advice was not followed. We proceeded on a program that has deviated entirely from the proposals I have just read?

Mr. President, what was the objective of the Marshall plan? I repeat:

The objective of the European recovery program submitted for your consideration is to achieve lasting economic recovery for Western Europe; recovery in the sense that after our aid has terminated, the European countries will be able to maintain themselves by their own efforts on a sound economic basis.

Again, that was General Marshall speaking, this time before the Senate Committee on Foreign Relations, January 8, 1948. But, Mr. President, through December of 1957 we have spent more than \$50 billion on aid programs. The Marshall plan was to last not over 5 years, and the amount we were to spend

was not to exceed from \$15.1 billion to \$17.8 billion.

Again, I quote the author of that program, reading from page 6 of the hearings before the Committee on Foreign Relations, United States Senate, under date of January 8. What did General Marshall say?

The total estimated cost of the program is now put at somewhere between \$15.1 billion and \$17.8 billion. But this will depend on developments each year, the progress made, and unforeseeable variations in the weather as it affects crops. The overall cost is not capable of precise determination so far in advance.

Mr. President, let us see what the first administrator of this program, Mr. Paul Hoffman, had to say about it. Appearing before the Senate Committee on Appropriations on June 8, 1949—I was there when he testified—Mr. Hoffman said, as is found on page 35 of the hearings:

I would like to make one final point. It may at first glance seem paradoxical, but I look upon the European recovery program as our best hope for bringing Government spending down to a point where taxes will not be so oppressive, to a level at which our free economy is not endangered.

Now listen to this:

I say this because I see no way in which our tax burden can be reduced substantially unless the threat of war and the consequent necessity for maintaining an abnormal military establishment is reduced. This economy cannot go on indefinitely spending \$15 billion or more a year for military defense.

The surest way I know of to reduce the danger of war so that we may reduce our Military Establishment is to carry on the recovery program to the point where a free and self-sustaining and unified Europe is able to play its full role in cooperation with the United States and other free countries in maintaining the peace and prosperity of the world.

That was what Mr. Hoffman said when ECA came before us for their third year's appropriation.

Let me point up what Mr. Hoffman stated was the goal at that time.

Senator Cordon asked:

Now, Mr. Hoffman, let us assume success at the end of 1952. Let us assume that your target, which I believe is 130 percent of prewar production, has been achieved at that time.

And Mr. Hoffman answered:

I think the goal is a little less than that. I think it is about 125 percent, Senator.

In other words, Mr. Hoffman indicated that the moment the industrial

capacity of Europe could be increased by 25 percent above prewar levels the goal would be reached and we could move out.

We reached that goal at the end of the third year, yet we have kept the program going until the industrial capacity of Europe today averages in excess of 168 percent of prewar capacity.

Mr. President, with all that aid, with all the prosperity which we have brought to the countries of Western Europe in the hope, as Mr. Hoffman said, that they would assist us in our quest for peace, they have not done so. I say to the Senate that today at the end of the 10th year of the so-called Marshall aid program, conditions are worse insofar as our relations with our ultimate enemy, Russia, are concerned, than at any time in the past 10 years. It looks as though the more money we spend and give away to our friends the worse conditions become.

As I pointed out a moment ago, this program of grants and credits up to December 31, 1957, has cost the United States \$62,144,000,000. Of this total net grants amount to \$51 billion.

Mr. President, if we had followed the principles which were outlined by General Marshall, and had tried to help people help themselves, we might have gotten somewhere. But this program has simply been administered in such a way that we now can hardly break away from it overnight. The people whom we have helped for the past 10 years now seem to be dependent on us. They will not make the moves they should. What are they doing to help us in an attempt to attain peace in Asia or in the Middle East? Instead of assisting us, they are harming our chances for peace.

Senators will remember that last year, during the Suez Canal crisis, England and France, without notifying us—without saying anything to us—proceeded to attack Egypt and caused a lot of harm and damage. Was it not a sad state of affairs, after we had assisted them to the extent we had, for us to have to side with Russia on the question involved?

What is happening today in north Africa? Troops and materials of war which we sent abroad in order to form that shield against aggression, about which we hear so much, were used and are being used in north Africa to further France's dreams of maintaining colonial empire.

Mr. President, when NATO was organized, we envisioned 66 divisions at

first for Western Europe alone, not including Turkey and Greece. Thirty-six of those were to be in the reserve and 30 were to be active divisions. What is the figure now? It is now down to 12 or 14 divisions, and a few of those are still paper divisions. Almost half the active divisions now in Europe are American. Yet, England is pulling out troops, and is also lowering taxes. Everybody knows what has happened in France in recent days.

With all that, Mr. President, we are still carrying on a program of assistance to those people, notwithstanding the fact that they now are better off economically than they have ever been in the past. Production in Europe is the highest in the history of France, England, or Germany.

As I shall point out later, when I speak to the amendment I intend to offer for a specific cut in military aid, a very great amount of money will be spent among those friends of ours in Western Europe who are supposed to be of assistance to us in carrying the load. Our friends were supposed to do all this on their own, but instead, Mr. President, we are being called upon again to assist. As I have said on many occasions, so long as we let them lean on our shoulder, believe me, they will lean.

Mr. President, all of us love this country of ours, and we know it cannot afford to spend at the rate it is spending.

Mr. Hoffman said in his statement in 1949 that we could not afford to spend \$15 billion a year on defense. We are now spending over \$40 billion a year, and that may continue indefinitely. As surely as I am speaking today, if we continue to spend at our current rate and spread ourselves as we are now doing, we are going to bring to our own shores the very thing we are fighting against, namely, some kind of "ism."

Mr. President, I do not wish to take the time of the Senate to go into detail on these expenditures, although I have the details before me.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table indicating the expenditures of the United States on foreign-aid programs. This table shows grants and loans and the programs for which they were disbursed.

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

TABLE 1.—Summary of foreign grants and credits—By program:¹ Postwar period, July 1, 1945, through Dec. 31, 1957; calendar year ended Dec. 31, 1956; and calendar year 1957 (by quarter)

[Millions of dollars]

	Total postwar period	Calendar year 1956	Calendar year 1957				
			Total	January-March	April-June	July-September	October-December
Net grants and credits.....	62,144	4,358	4,451	1,011	1,232	800	1,407
Net grants (less conversions).....	50,948	4,383	4,104	1,017	1,333	810	945
Gross grants.....	54,965	4,459	4,184	1,037	1,356	826	964
Mutual security.....	40,339	4,214	3,921	974	1,271	767	908
Military aid:							
Military supplies and services ^{2,3}	18,977	2,571	2,396	591	800	449	557
Multilateral-construction program contributions.....	449	68	64	21	20	13	11

Footnotes at end of table.

TABLE 1.—Summary of foreign grants and credits—By program:¹ Postwar period, July 1, 1945, through Dec. 31, 1957; calendar year ended Dec. 31, 1956; and calendar year 1957 (by quarter)—Continued

(Millions of dollars)

	Total postwar period	Calendar year 1956	Calendar year 1957					
			Total	January-March	April-June	July-September	October-December	
Net grants (less conversions)—Continued								
Gross grants—Continued								
Mutual security—Continued								
Other aid (economic and technical assistance):								
Famine and other urgent and extraordinary relief.....	371	109	60	16	8	17	18	
Other ²	20,542	1,465	1,400	347	443	288	323	
Civilian supplies.....	5,861	4	2	1	(³)	1	1	
UNRRA, post-UNRRA, and interim aid.....	3,443							
Lend-lease.....	1,906							
Military..... M.	679							
Postwar pipelines.....	1,227							
Greek-Turkish aid.....	653							
Military..... M.	530							
Other.....	122							
Philippine rehabilitation.....	635							
Surplus agricultural commodities through private welfare agencies.....	680	186	166	38	53	33	42	
Military equipment loans ⁴ M.	383	23	57	18	22	17		
Chinese military and naval aid..... M.	261							
Inter-American programs.....	201	10	19	4	6	5	4	
Other.....	603	22	19	2	4	4	9	
Less prior grants converted into credits.....	2,257	1						
Less reverse grants and returns.....	1,760	75	79	21	23	16	19	
Mutual security foreign currency funds.....	1,009	72	79	21	23	16	19	
Military aid collections (for administrative expenses)..... M.	69	16	12	3	2	3	4	
Other aid (economic and technical assistance) counterpart funds.....	940	56	67	17	22	13	15	
Reverse lend-lease.....	133							
Cash war-account settlements for lend-lease and other grants.....	120	(⁵)						
Return of lend-lease ships.....	490							
For military use..... M.	189							
For economic value.....	301							
Return of, and cash settlements for, civilian supplies.....	4	3						
Return of military equipment loans ⁴ M.	4							
Net credits (including conversions).....	11,196	-25	346	-6	-101	-9	463	
New credits.....	13,763	484	980	120	122	153	585	
Export-Import Bank (for own account).....	5,446	233	667	61	70	67	469	
Direct loans.....	5,145	223	639	59	70	83	427	
Loans through agent banks.....	301	10	28	2	(⁶)	Cr 16	42	
British loan.....	3,760							
Mutual security ⁷	2,492	229	313	59	52	85	117	
Surplus property (including merchant ships).....	1,492	6						
Lend-lease (excluding settlement credits).....	71							
Other.....	513	15	1	1	(⁶)	(⁶)	(⁶)	
Plus prior grants converted into credits.....	2,257	1						
Less principal collections.....	4,824	509	634	125	224	162	123	
Export-Import Bank (for own account).....	2,675	266	318	85	79	75	80	
Direct loans.....	2,342	220	308	82	75	73	79	
Loans through agent banks.....	333	46	10	3	4	2	1	
British loan.....	280	49						
Mutual security ⁸	94	24	34	3	15	7	9	
Surplus property (including merchant ships).....	641	65	92	21	19	35	17	
Grants converted into credits.....	152	20	13	1	(⁶)	12	(⁶)	
Lend-lease (excluding settlement credits).....	308	71	163	15	109	28	12	
Other ⁹	675	13	13	(⁶)	2	5	5	

¹ Grants are transfers for which no payment is expected (other than a limited percentage of the foreign currency "counterpart" funds generated by the grant), or which at most involve an obligation on the part of the receiver to extend aid to the United States or other countries to achieve a common objective. Credits are loan disbursements or transfers under other agreements which give rise to specific obligations to repay, over a period of years, usually with interest. In some instances assistance has been given with the understanding that a decision as to repayment will be made at a later date; such assistance is included in grants. At such time as an agreement is reached for repayment over a period of years, a credit is established. Such credits, cannot, as a rule, be deducted from specific grants recorded in previous periods, an adjustment for grants converted into credits is made at the time of agreement. All known returns to the U. S. Government stemming from grants and credits, other than interest, are taken into account in net grants and net credits. The measure of foreign grants and credits generally is in terms of goods delivered or shipped by the U. S. Government, services rendered by the U. S. Government, or cash disbursed by the U. S. Government to or for the account of a foreign government or other foreign entity. The Government's capital investments in the International Bank (\$635 million), International Finance Corporation (\$35 million), and International Monetary Fund (\$2,750 million) are not included in these data although they constitute an additional measure taken by this Government to promote foreign economic recovery and development. Payments to these three institutions do not result in immediate equivalent aid to foreign countries. Use of available dollar funds is largely determined by the managements of the institutions, in some instances subject to certain controls which can be exercised by the U. S. Government.

Further definition and explanation of these data are contained in the Foreign Aid supplement to the Survey of Current Business, published November 1952, and in the explanatory notes to the appendices of the National Advisory Council on International Monetary and Financial Problems semiannual reports to the President and to the Congress.

² Includes foreign currencies which were obtained through sale of agricultural commodities under title I of the Agricultural Trade Development and Assistance

Act (Public Law 83-480, as amended) and which were available under secs. 104 (c) (d), (e), and (g) for expenditure without charge to a dollar appropriation.

³ Includes mutual security program aid for common use items which are to be used by military forces of nations receiving assistance, and for direct forces support, when such assistance provided under (repealed) secs. 123 and 124 of Public Law 83-665, as amended, was administered in accordance with Chapter 1: Military Assistance, of title I of that act. Cash transfers are included in "Other aid (economic and technical assistance)"; see footnote 4.

⁴ Includes mutual security program aid for economic, development, relief, and technical assistance, including aid for these purposes from military aid appropriations. Also includes mutual security program aid from appropriations for common-use items which are to be used by military forces of nations receiving assistance, and for direct forces support, when such assistance under (repealed) secs. 123 and 124 of Public Law 83-665 was administered in accordance with Chapter 3: Defense Support, of title I of that act. Also includes transfers of funds for forces support (for example, in Cambodia, Laos, and Vietnam (and forces of France located in such states)) and in support of production for forces support.

⁵ Less than \$500,000.

⁶ Includes donations through United Nations Children's Fund under authority of sec. 416 of Public Law 81-439, as amended by title III of Public Law 83-480.

⁷ "Military equipment loans" are included in this report as part of military grants; these "loans" are essentially transfers on an indeterminate basis, generally requiring only the return of the identical item, if available. In essence this was the requirement pertaining to wartime lend-lease transfers of watercraft, which were included as grant transfers in these data.

⁸ Values for deliveries of materials in payment of principal reported as collected by the General Services Administration on deficiency and strategic materials development loans are in some instances estimated when first reported. Reported data have been adjusted to eliminate obvious (negative) bookkeeping adjustments as final values are recorded.

NOTE.—Programs identified by M are included in "Military grants" in table 2.

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Mr. ELLENDER. As I have indicated, we made loans to various countries. I hope some of the loans will be repaid. I have high hopes that particularly the Export-Import Bank loans will be repaid. I ask unanimous consent to have printed in the RECORD at this point as a

part of my remarks a table showing the status of the Export-Import Bank from February 1934, the time it was organized, to December 1957, inclusive. There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT B

EXPORT-IMPORT BANK

Cumulative statement of loans and authorized credits, February 1934 to December 1957, inclusive

	Area	Amount
Authorization.....		\$8,959,418,211.04
Authorizations taken over by others, without recourse to Export-Import Bank:		
Latin America.....	\$28,376,569.27	
Europe.....	168,018,795.63	
Asia.....	14,000,000.00	
Cancellations and expirations.....		210,395,363.90
		1,377,216,659.80
	Disbursed by others at Export-Import Bank risk	Amount
Disbursements.....		
Repayments.....	\$5,457,166,344.04	\$5,940,076,565.19
Outstanding loans.....	2,520,759,667.38	2,955,534,095.37
Authorizations not disbursed.....	2,936,406,676.66	2,984,542,469.82
Total of outstanding loans and balance of authorizations not disbursed.....		4,431,729,622.75
Lending authority assigned by bank under provisions of Public Law 30, 83d Cong., for cotton insurance.....		50,000,000.00
Uncommitted lending authority.....		533,727,907.43

Mr. ELLENDER. We recently increased the borrowing capacity of the Export-Import Bank by \$2 billion. As I recall, the bank started with a mere \$250 million. The figure is now up to \$7 billion of credit.

This corporation is owned entirely by the Federal Government. It has a capital of \$1 billion, with \$6 billion additional for lending purposes.

Aside from that, we are heavy subscribers to the International Finance Corporation, another institution which was created in order to assist people who were in distress because of war. In that institution, with a capital subscription stock of \$92 million, we have \$35,168,000, or 38 percent of the stock, which we subscribed in order to assist countries in rehabilitating themselves.

I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a table showing a statement of subscriptions to capital stock and voting power as of September 10, 1957, in the International Finance Corporation.

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

EXHIBIT C

INTERNATIONAL FINANCE CORPORATION
 Statement of subscriptions to capital stock and voting power, Sept. 10, 1957

Member	Subscriptions		Voting power	
	Amount (in thousands of dollars)	Percent of total	Number of votes	Percent of total
Australia.....	2,215	2.40	2,465	2.34
Austria.....	554	.60	804	.76
Belgium.....	2,492	2.70	2,742	2.61

Footnotes at end of table.

EXHIBIT C—Continued
 Statement of subscriptions to capital stock and voting power, Sept. 10, 1957—Con.

Member	Subscriptions		Voting power	
	Amount (in thousands of dollars)	Percent of total	Number of votes	Percent of total
Bolivia.....	78	.08	328	.31
Brazil.....	1,163	1.26	1,413	1.34
Burma.....	166	.18	416	.40
Canada.....	3,600	3.89	3,850	3.66
Ceylon.....	166	.18	416	.40
Chile.....	388	.42	638	.61
Colombia.....	388	.42	638	.61
Costa Rica.....	22	.02	272	.26
Cuba.....	388	.42	638	.61
Denmark.....	753	.81	1,003	.95
Dominican Republic.....	22	.02	272	.26
Ecuador.....	35	.04	285	.27
Egypt.....	590	.64	840	.80
El Salvador.....	11	.01	261	.25
Ethiopia.....	33	.04	283	.27
Finland.....	421	.46	671	.64
France.....	5,815	6.29	6,065	5.77
Germany.....	3,655	3.95	3,905	3.71
Guatemala.....	22	.02	272	.26
Haiti.....	22	.02	272	.26
Honduras.....	11	.01	261	.25
Iceland.....	11	.01	261	.25
India.....	4,431	4.79	4,681	4.45
Indonesia.....	1,218	1.32	1,468	1.39
Iran.....	372	.40	622	.59
Iraq.....	67	.07	317	.30
Israel.....	50	.05	300	.28
Italy.....	1,994	2.16	2,244	2.13
Japan.....	2,769	3.00	3,019	2.87
Jordan.....	33	.04	283	.27
Lebanon.....	50	.05	300	.28
Luxembourg.....	111	.12	361	.34
Mexico.....	720	.78	970	.92
Netherlands.....	3,046	3.30	3,296	3.13
Nicaragua.....	9	.01	259	.25
Norway.....	554	.60	804	.76
Pakistan.....	1,108	1.20	1,358	1.29
Panama.....	2	(¹)	262	.24
Paraguay.....	16	.02	266	.25
Peru.....	194	.21	444	.42
Philippines.....	166	.18	416	.40
Sweden.....	1,108	1.20	1,358	1.29
Thailand.....	139	.15	389	.37
Turkey.....	476	.51	728	.69
Union of South Africa.....	1,108	1.20	1,358	1.29

Footnotes at end of table.

EXHIBIT C—Continued

Statement of subscriptions to capital stock and voting power, Sept. 10, 1957—Con.

Member	Subscriptions		Voting power	
	Amount (in thousands of dollars)	Percent of total	Number of votes	Percent of total
United Kingdom.....	14,400	15.58	14,650	13.93
United States.....	35,168	38.04	33,413	33.67
Venezuela.....	116	.13	366	.35
Totals.....	92,446	100.00	105,196	100.00

¹ The subscription of Egypt has not been paid, having been due since Aug. 23, 1956.
² Less than 0.005 percent.

Mr. ELLENDER. That is not all. In order further to assist foreign countries, we have Public Law 480, which is the act which gives the Commodity Credit Corporation authority to sell surplus farm commodities abroad. Through that medium Europe will receive \$160,500,000 in 1959. Countries which already are prosperous will receive vast sums by way of gifts and loans on a long-term basis. Africa will receive \$3,200,000. The Near East and South Asia will receive \$433,500,000; the Far East, \$93,500,000. There will be retained, for sale and disposal to countries which have no defense program, \$360 million. How that will be distributed no one knows as yet.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as part of my remarks an exhibit showing, for the fiscal year 1959, an estimate of the Public Law 480 operations.

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

EXHIBIT D

Public Law 480 estimate fiscal year 1959

Europe.....	\$160,500,000
Africa.....	3,200,000
Near East and South Asia.....	433,500,000
Far East.....	93,500,000
Reserved for countries not proposed for defense support or special assistance in fiscal year 1959.....	360,000,000
Total.....	1,050,700,000

Mr. ELLENDER. Mr. President, this aid program has been pyramiding from year to year. The President has asked the Congress to make available \$3.9 billion in new funds for foreign aid, through the bill we are now considering.

In addition, as I have just pointed out, we have increased the capital stock of the Export-Import Bank to the tune of \$2 billion to make loans to our friends.

What is more, under Public Law 480, there has been an increase of \$500 million in the authority for sales for the current fiscal year, for a total of \$2 billion during the current year. It is true that the bill is still pending in the House, but that is what the Senate has done. I am sure the House will agree to it.

If we add all these items together, we see that for the coming fiscal year there will be available, by way of grants, loans, gifts, and sales on easy terms of surplus farm commodities, almost \$8 billion. And this is what we are confronted with

today: With our heavy tax load remaining as it is to support this program, our friends are reducing theirs.

Anyone with commonsense should realize that we cannot afford to continue these huge expenditures without bringing to our own shores some kind of ism. If by maintaining excessively high taxes we destroy initiative in this country, we shall see what will happen.

Mr. President, one of the programs on which we are spending a few million dollars of this tax money is to teach the French, Italians, and others the fine points of salesmanship. They have learned fast. In any city in America today—I care not how small it is—we can see a great many French, Italian, and British cars. Many of the factories in which those cars are being manufactured were financed by taxes paid the very companies which are now in trouble in Detroit. That is what is happening.

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

Mr. ELLENDER. I yield.

Mr. CURTIS. The Senator is a distinguished lawyer with a long record of service. I should like to have him point out to me the provisions in the Constitution of the United States which authorize us to tax the American people to conduct salesmanship courses in foreign countries.

Mr. ELLENDER. Everything being done is supposed to be for defense; it is supposed to be for our protection and security.

Mr. CURTIS. Including salesmanship?

Mr. ELLENDER. That is the basis on which it was done.

Mr. CURTIS. I am familiar with that. However, calling it something does not make it so.

Mr. ELLENDER. I understand, but that is the basis for it. That would be the answer. I do not suppose a taxpayer would stand a ghost of a chance if he tried to stop it.

Mr. CURTIS. No; I do not believe he would. There would be no way for him to get into court. However, we have a responsibility.

Mr. ELLENDER. Certainly.

Mr. CURTIS. We have a responsibility to do only those things which are in accord with the power delegated to Congress by the Constitution.

Mr. ELLENDER. Yes. I have been arguing for the past 4 or 5 years that these programs should be tapered off. However, it seems that as the years go on, instead of tapering off, they increase. That is what is happening. What I wish to emphasize and reemphasize is that this program was begun with the idea of putting our friends in Western Europe on their feet, so that they could be of assistance to us and help us carry the load for the rest of the world. We were selfish in that regard let us admit it. That is why we did it. But as I have asked on many occasions on the floor of the Senate: Who is carrying the load in the Middle East, in southeast Asia, on Formosa, and in South Korea?

The United States has two divisions

in South Korea, according to the record. I believe two or three countries have representation in the honor guard. Who is footing the logistics bill for those troops? It is the U. N., through contributions that we make. In other words, aside from carrying our own load; paying expenses of feeding our soldiers there and providing defense support for the twenty-odd divisions of ROK troops—we are paying for all of that and receiving no help from anyone—we are paying to maintain the token forces which are there from Britain, Turkey, and from two or three other countries.

We have reached the point where it does not make any sense for us to keep on spending at our present rate. I could go on and on in discussing these programs. I am familiar with them. I have visited all the countries in the world but two. I have seen how these programs operate. I have made reports to the Senate. I made them last year and the year before, and I have been making reports to the Committee on Appropriations for the past 7 or 8 years. The reports of about 2 years ago are merely gathering dust, for aught I know. I made an earnest effort to show to my colleagues how these programs were being administered, and how the money was being spent. Yet with all I have shown, we are still spending at a greater rate than we have in the past; and instead of tapering off, the program is continuing to increase.

I wish now to address myself to the amendment which is pending, the so-called pricing amendment. In 1956 the Committee on Foreign Relations sought to change the method of pricing military hardware which was purchased by ICA for the mutual-security program for distribution throughout the world from Defense Department stocks. After a study, it was found that, instead of the Defense Department charging the actual gross cost of an article to the foreign-aid program, the program was being charged the replacement cost. Prior to the 1956 amendment, if an obsolete airplane, which originally cost \$200,000, was sold to MAP by the Defense Department for country X, and it was necessary for the Department of Defense to replace that obsolete plane, the foreign-aid program would be charged the full amount of the cost of the new plane, which may have been four times the cost of the obsolete aircraft. The General Accounting Office found that the price of some equipment charged to the mutual-security program was 170 percent of the original cost. Thus, the Department of Defense was able to obtain funds for the purpose of financing its procurement programs without review by the Congress.

The purpose of my amendment is to accomplish that which the committee desired to do with its amendment in 1956.

Let me read what the chairman of the Committee on Foreign Relations, the distinguished Senator from Rhode Island [Mr. GREEN], said when the matter came up in 1956. I read from page 11102 of

the CONGRESSIONAL RECORD of June 22, 1956. That was the year an attempt was made to change the law to prohibit the charge of replacement costs to the MAP. He said:

What actually has been happening, however, is that when these mutual-security funds are used to buy, for example, an F-84 jet fighter to be given to country X, the Air Force, which sells the jet fighter for the mutual-security people, uses the funds received to replace the F-84 with a later model aircraft—perhaps an F-104. In effect, then, a substantial part of the funds made available for what some people call foreign aid has been used to modernize the arms in the possession of our own Armed Forces. Indeed, the Armed Forces of this Nation have been charging the mutual-security funds, not for the price of the F-84 in my example, but they have been charging the price required to replace it, namely, the price for the F-104. The present Mutual Security Act, however, will change that situation.

An amendment to that effect was adopted in 1956. The law remained as it was, but there was added a so-called "notwithstanding clause," which reads as follows:

Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the mutual defense assistance program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability, that the term "value" (except in the case of excess equipment or materials) shall mean—

- (1) The price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or
- (2) Where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

That was to mean, or so we thought, that the actual cost of the hardware in the hands of the armed services would be charged to the foreign-aid program. But pursuant to the "notwithstanding" clause which I have just read, here are the regulations issued by the Department of Defense, which are presently followed:

Standard prices shall be established for each item of material to include:

- a. The current purchase or production cost of the item at the time the price is established.

In other words, notwithstanding the fact that the views of Congress on this subject were pointed out to the armed services, the regulations from which I am reading reinstated the old practice of charging replacement costs instead of actual costs. The Department of Defense has not really sought to change its old method of pricing.

I believe that my amendment will bring about the change desired by the 1956 amendment. It will result in an equitable price being charged to the MAP, and consequently an adequate reimbursement to the furnishing agency. For example, let us assume that the Army sells to MAP a quantity of 200 of a certain type of tank. Let us further assume that the Army purchased a total of 1,500 of these tanks over a 3-year period as follows:

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	Quantity	Unit cost	Total cost
1953.....	200	\$40,000	\$8,000,000
1954.....	500	60,000	30,000,000
1955.....	600	80,000	48,000,000
Total.....	1,300		86,000,000

The average gross cost referred to in my amendment would be obtained by dividing the quantity of 1,300 into the total cost of \$86 million, and this would be the price charged to MAP, instead of the replacement cost of \$80,000.

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

Mr. ELLENDER. I yield.

Mr. CURTIS. As the Senator perhaps knows, I have consistently supported his efforts to reduce the amounts appropriated for mutual security.

Mr. ELLENDER. For that I am deeply appreciative.

Mr. CURTIS. What will be the net effect of the pending amendment upon the United States Treasury? If I understand correctly, it will reduce the amount expended by the administration for mutual security. Will that be to the disadvantage of the budget of the Defense Department? What will be the net effect?

Mr. ELLENDER. I will say that the net effect will be that the Committee on Appropriations will have absolutely no control over the money used to purchase these replacements for the various services. In other words, if the Department of Defense sold tanks or airplanes to the mutual-security program, they would not even have to use the money they obtained from foreign-aid appropriations for replacing tanks or airplanes. They could program it for anything they desire. They would not have to come before the Committee on Appropriations and justify their request, as is the case now when they want to purchase material. This is money they will take out of the foreign-aid program without having to account to the Committee on Appropriations—and the American people—as to how the funds are expended.

My proposal is that if, for instance, new planes are needed, the Department of Defense should come before the Appropriations Committee and justify their request.

If the amendment should be agreed to, it will accomplish the very thing which was intended in 1956, namely, to charge the mutual-security program the average cost of the materials sold it.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an item from the Mutual Security Act of 1956, beginning with section 545(g) and continuing through the paragraph identified as (2).

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

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1 of title I the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobiliza-

tion reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the mutual defense assistance program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability that the term "value" (except in the case of excess equipment or materials) shall mean—

(1) the price of equipment or materials obtained for similar transactions between the Armed Forces of the United States; or
 (2) where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the Defense Department directive which was issued following passage in 1956 of the amendment designed to end this practice of overcharging. To my mind this directive indicates that no change at all in Defense Department policy has been made. Their action is subject to the interpretation that they have defined standard prices to mean replacement prices.

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

2. Standard prices shall be established for each item of materiel to include:

(a) The current purchase or production cost of the item at the time the price is established.

(b) First-destination transportation costs. The expense of procurement (including inspection), warehousing, redistribution, re-

packing and handling, or other functions of supply administration shall not be included in the standard prices. There shall be one standard price for each item—price reductions for condition at time of sale shall not affect standard pricing for inventory purposes.

Mr. ELLENDER. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD, from the pamphlet entitled "Proper Accountability, Army Pricing Policy," in section 1, entitled "General," on page 11, paragraph (2) (g) which reads as follows:

(g) For the purpose of establishing a standard price, the current purchase or production cost of an item will be based upon evidence such as current contracts, purchase orders, or invoices. Judgment, however, may be required to modify prices to allow for the effect of pending contract price revisions and other factors affecting the most typical replacement cost. Also, since prices may vary considerably for different vendors within a single normal procurement lot, it will be necessary in such cases to average the prices. The objective is to arrive at a price which represents current replacement cost.

Mr. ELLENDER. Mr. President, all of these directives have been issued since the passage of the 1956 amendment.

Mr. President, in the Department of Defense directive of December 31, 1956, No. 7510.1, there is also a paragraph on the question of uniform pricing policy for materials. I ask unanimous consent that the first two paragraphs be printed at this point in the RECORD, so as to indicate—as I have just stated—that, notwithstanding the fact that we tried to change the law, the directive has been written in such a way that the same price structure and methods of pricing which prevailed prior to 1956, still prevail.

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

DEPARTMENT OF DEFENSE DIRECTIVE No. 7510.1,
 DECEMBER 31, 1956

Subject: Uniform pricing policy for materials, supplies, and equipment financed by military appropriated funds

I. PURPOSE

The purpose of this directive is to establish the basic policies and criteria to be followed by the military departments in pricing for inventory accounting and issues or sales for any purpose of all materials, supplies, and equipment (materiel) except for plant equipment, aircraft (complete), and ships, and materiel financed under working-capital funds for which pricing policy has been established pursuant to section 405 of the National Security Act of 1947, as amended, and Department of Defense regulations thereunder (Department of Defense Directive No. 7420.1, dated December 19, 1956, and Regulations Covering the Operation of Working-Capital Funds for Industrial- and Commercial-Type Establishments, Industrial Funds, dated July 13, 1950).

This directive also establishes the policy under the 1956 amendments of the Mutual Security Act of 1954, pertaining to pricing of items chargeable to the military-assistance program (MAP) because it is required generally that the same item prices be used for that purpose as would be used for similar transactions between the military departments.

Mr. ELLENDER. Mr. President, I shall not take any more time of the Senate in discussing this amendment. I have sev-

eral other amendments, and I hope to present them in order.

Since I have made my opening statement on the amendment, I shall confine the remainder of my remarks to more or less a description of its effect.

Mr. STENNIS. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER (Mr. JORDAN in the chair). Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. ELLENDER. I yield.

Mr. STENNIS. I wish to commend the Senator from Louisiana [Mr. ELLENDER] for the very fine and effective presentation he has made. I believe he has a better on-the-ground knowledge and understanding of the operation of many major phases of this program than does any other Member of the Senate. All of us owe him a great debt of gratitude for the energy and time he has devoted to this work and for the expense to which he has gone in connection with it and in connection with gathering information from all over the world. He has made many trips abroad.

Mr. President, I believe it is a sad day in the history of the Senate when information and facts which a Member of this body has obtained at firsthand are not listened to more generally by Senators. I do not mean that as a personal reflection on any Member of the Senate, for it is true that Senators are too busy to be able to hear everything that is said in this Chamber. But I am sorry that more of us cannot make it a point to hear such presentations.

I believe someday we shall exercise more commonsense in connection with this subject and related subjects. When we do, I believe we shall refer again to the speeches of the Senator from Louisiana and shall hail him again as a Senator of wisdom and vision.

I shall vote for the amendment he has submitted, but I make this expression of thanks to him without regard to the way I shall vote on his amendment.

Mr. ELLENDER. I thank the Senator from Mississippi.

Mr. CARLSON. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. CARLSON. I, too, wish to express my thanks to and commendation of the Senator from Louisiana [Mr. ELLENDER] for the information he has brought to the Senate. I share the views of the Senator from Mississippi [Mr. STENNIS] regarding the service the distinguished Senator from Louisiana has rendered the country by making his trips. Those of us who have heard his statements and who also have seen the pictures he took in Russia—which were a revelation to me, and gave me information which otherwise I would not have had—know how beneficial have been his efforts and his expenditures of time and money.

Mr. ELLENDER. I thank the Senator from Kansas.

Mr. STENNIS. Mr. President, let me add that I, too, believe that the pictures the Senator from Louisiana took in the course of his travels, particularly the ones he took in Russia, will lead to a new and better understanding of the Russian

problem, and also to a better understanding between the people of the United States and the people of Russia.

Mr. ELLENDER. I thank the Senator from Mississippi.

Mr. HUMPHREY. Mr. President, let me say that although I disagree with the amendment of the Senator from Louisiana—primarily because in the committee we did not have a chance to review it, and because it is a very complicated piece of proposed legislation—yet I believe that every Member of the Senate is certain that the Senator from Louisiana is an extremely conscientious and devoted public servant. He gives a great deal of time and attention to these matters. I agree thoroughly with what the Senator from Mississippi [Mr. STENNIS] has just stated in regard to the untiring efforts of the Senator from Louisiana to promote better understanding between peoples.

Mr. STENNIS. I thank the Senator from Minnesota.

Mr. ELLENDER. Mr. President, I thank my colleagues.

Mr. SPARKMAN. Mr. President, I wish to join my colleagues in expressing my high regard and high esteem for the very able Senator from Louisiana [Mr. ELLENDER]; and I do not use those terms as mere figures of speech. I mean them most sincerely.

The Senator from Louisiana is very able; and he has done an extremely fine job—as has been stated by various of my colleagues—in connection with the many trips he has taken to other countries. We know that, every year, as soon as the session of Congress adjourns, the Senator from Louisiana begins a foreign trip. In making such trips, he works very hard in the course of visiting various countries. As a matter of fact, I suppose he has visited more foreign lands than has any other Member of the Senate.

In this connection, Mr. President, I wish to say that I believe one of the finest things a Member of Congress can do—in fact, I have often said that if I had my way, I would require it of all Members of Congress—is to travel. I believe that in these days of such great problems, the members of the Appropriations Committee and the members of the Armed Services Committee and the members of the Foreign Relations Committee should travel to many other countries, to see what is done there.

Certainly I would not question the accuracy of any of the reports the Senator from Louisiana has made in regard to the things he has seen abroad.

On the other hand, I do question the wisdom of this amendment.

A few minutes ago the Senator from Minnesota [Mr. HUMPHREY] said the amendment deals with a very complex matter. It certainly does; in fact, the matter is so complex that we hardly know yet what effect the change of the law which was made in 1956 has had. We have not had time to ascertain how it works; and certainly we are not able to tell how this particular amendment would work.

Mr. President, I wish very much that the distinguished Senator from Louisiana might have offered the amendment

in time for the committee to have given consideration to it and in time for us to have questioned representatives of the Defense Department and representatives of the State Department in regard to what the amendment means and what its impact might be.

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

Mr. SPARKMAN. Yes.

Mr. ELLENDER. Would it not be possible to take an amendment of this kind to conference? I think it is important. It may be true that it was not studied by committee, but the committee went into this subject very thoroughly in 1956, and was of the opinion that the defects I have cited would be cured by the short proviso I have read.

Mr. SPARKMAN. I just made that point. In 1956 the committee did study the matter, and did reconstitute or redirect it. As a matter of fact, as recently as January of this year, the Comptroller General stated that the new system, the one established in the fall of 1956—I believe it was in December 1956, that the first directive was issued—has been so recently installed that it is premature to form a judgment as to its effectiveness.

We thought we did a good job in 1956. The Defense Department and the Comptroller General both tell us they have not yet had time to decide how effective a job has been done. Therefore, I submit that the amendment, to use the words of the Comptroller General, may be premature.

I do not question the intent, the sincerity, or the thoroughness with which the Senator from Louisiana has gone into the question. I do not say the amendment is not a good one. I do not know. We simply have not had time to evaluate it.

With reference to the suggestion of the Senator from Louisiana that the amendment be taken to conference, I remind him I am not in control of the bill. It might very well be that if the chairman of the committee were present and that suggestion were made to him, he would express his willingness to take the amendment to conference, and in the meantime try to obtain additional information about it. I am not empowered to speak for the chairman of the committee.

On the ground that the amendment is premature and that at this time we do not know how the 1956 provision is working, I shall have to oppose the amendment.

I suggest to the acting majority leader [Mr. STENNIS], however, that there be a quorum call before the amendment is further considered, so it might be ascertained whether the chairman of the committee would consider taking the amendment to conference.

Mr. STENNIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the yeas and nays be vacated.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I understand the distinguished chairman of the Committee on Foreign Relations is willing to take this amendment to conference. In the event the conferees feel the amendment is workable and should be retained in the bill, the Senator from Rhode Island will do his best to have it accepted. In the event the conferees do not feel it should become a part of the bill, they can reject it, which will be satisfactory to the Senator from Louisiana.

Mr. GREEN. Mr. President, I agree to take the amendment to conference under those circumstances.

Mr. WILEY. Mr. President, after those remarks by the distinguished majority leader, I ask unanimous consent to have printed in the Record at this point a statement provided by the executive branch in relation to this matter.

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

EXECUTIVE BRANCH POSITION ON SENATOR ELLENDER'S AMENDMENT (6-5-58-D)

The executive branch is opposed to the revised amendment on pricing proposed by Senator ELLENDER (6-5-58-D). On the basis of an examination by technical experts in the Office of the Secretary of Defense, it is believed that the amendment, even as revised, will have the opposite effect from that intended and will actually result in increased payments by the military assistance program to the military departments. Without going into details of what is a very complicated and involved subject, the following objections are made:

1. The amendment is not consistent with the amendment which was made by the Congress in 1956 after detailed study within the executive branch and careful scrutiny by the Foreign Relations Committee of the executive branch proposals. As was recognized by the Congress in 1956, a pricing system which affects over 3 million stock number items cannot be changed all at once. Time is required to effect a change on so vast a scale. Moreover, it is difficult, indeed nearly impossible, to maintain 2 pricing systems, 1 for military assistance transactions and another for regular Department of Defense transactions. Pursuant to the new pricing legislation of 1956, the Department of Defense has worked out a comprehensive new pricing system which integrates pricing for military assistance, as directed by that legislation, with regular military transactions between the military services. As a result very great savings to the military assistance programs have already been achieved and even greater savings are anticipated as the new system takes full effect. If this amendment were adopted all this progress would be brought to a standstill.

2. The amendment is not consistent with the stock-fund pricing system which has been set up after a great deal of effort during the past several years by the Secretary of Defense and the Assistant Secretary of Defense, Controller pursuant to the authority of the National Security Act (and the 1956 changes in the mutual security pricing formula). Indeed the proposed amend-

ment could not be implemented consistent with the system which has developed pursuant to the National Security Act.

3. The application of the amendment would by and large result in the payment of higher prices by the military assistance program than it now pays pursuant to the 1956 legislative changes.

4. The amendment is technically deficient in that it makes no provision as to the pricing of nonexcess items furnished by the military departments from stock but which they must replace. It will be noted that section 2 deals only with pricing of nonexcess items which do not need to be replaced. Section 1 deals with excess and section 3 deals with new procurement expressly for the military assistance program. There is left a gap as to the pricing of nonexcess items which do need to be replaced, since the present sections of the act which cover this category, are to be deleted by the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I call up my amendment designated "6-4-58-C."

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 34, lines 15 and 16, it is proposed to strike out "\$1,800,000,000" and insert "\$1,300,000,000."

On page 63, beginning with line 19, strike out all of section 13, through line 2 on page 64.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. ELLENDER obtained the floor.

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

Mr. ELLENDER. I yield.

Mr. DIRKSEN. What is the number of the amendment?

Mr. ELLENDER. 6-4-58-C.

Mr. DIRKSEN. I thank the Senator.

Mr. ELLENDER. Mr. President, the purpose of the amendment is to strike from the bill in the military assistance section the sum of "\$1,800,000,000" and to insert in lieu thereof "\$1,300,000,000." That represents a cut in the military assistance program of \$500 million.

In addition, Mr. President, the amendment would strike from the bill section 13 which authorizes a transfer of as much as \$235 million from the defense support portion of the bill to the military assistance program, or from the military assistance to defense support.

The bill as reported to the Senate provides for the full amount recommended by the President in both the military assistance and defense support categories. There is a saving, according to proponents of the bill—and, of course, the bill so provides—of \$235 million from the original aggregate amount for military assistance and for defense support. The amount which would be provided for military assistance under the amendment I am offering would be—if appropriated—about \$40 million less than was appropriated last year.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CASE of South Dakota. The first part of the Senator's amendment commends itself to me, because, as I have said on this floor many times, while I would not eliminate the program under present world conditions, I think we should be moving in the direction of reducing expenditures rather than increasing them. I can readily support the first part of the amendment offered by the Senator from Louisiana.

However, I do not understand why he should combine that feature with striking out the transfer clause permitting transfer between economic and military aid. I believe that logic would support leaving in the transfer clause, because it provides flexibility with respect to the total program, which would permit the President to adjust the aid as between some immediate need in the economic field and some need in the military field.

Mr. ELLENDER. Let me say to my good friend from South Dakota that his statement may have applied last year; but under the present law, defense support must be directly connected with military aid. As I pointed out last year, defense support was used in identically the same manner as foreign aid or grants were used in prior years. However, the Foreign Relations Committee has seen fit to tighten up the use of defense support funds, and has provided that they should be used more for providing food, clothing, or other things to support those countries to which military assistance is given.

Mr. CASE of South Dakota. Has not the Senator two different issues combined in one amendment? The first issue is clearly a reduction in dollars.

Mr. ELLENDER. What I am proposing is to allow each appropriation to stand on its own feet. I have never seen any provision in a foreign-aid bill allowing the President to increase one category over the other.

Mr. CASE of South Dakota. But the transfer clause would not increase the total dollars.

Mr. ELLENDER. I understand that. But under this act the President already has a 10 percent transferability clause. In other words, under section 501 of the law as it now stands the President can take 10 percent of, let us say, defense support, and put it in military aid, provided that the 10 percent does not increase the item to which it is transferred by more than 20 percent. Thus we already have in the law a provision which would give the President authority to transfer funds from one section of the program to another.

Under terms of the bill, if the Appropriations Committee should allow the full amount of \$835 million for defense support, 10 percent of the \$835 million could be transferred to another item, and in the same manner 10 percent of the military assistance phase of the program could be transferred to another item. So there is transferability already provided for in the law. I am objecting to having a separate transferability provision. I should like the bill to be

specific in providing a certain amount for military aid and a certain amount for defense support. Then the 10-percent clause, under section 501 of the bill, would remain in the bill, to furnish the necessary transferability.

Mr. CASE of South Dakota. I understand the point the Senator is making. However, I see no real objection to the transfer clause as between the two funds, unless the Senator wishes to fix a ceiling on both of them. But it seems to me that even if that were true, he has combined two different issues in one amendment. It is a very simple matter for the Senator from South Dakota to say that he can support a reduction of \$500 million in the bill; but I should think that from a practical standpoint the administration of the bill would be easier if the transfer clause were not disturbed. The transfer clause would take care of any pinch which might be created by an overall reduction, and still there would be the economy of eliminating \$500 million.

Mr. ELLENDER. I come back to the proposition that what concerns the Senator has already been taken care of—that is, the transferability of funds from one phase of the program to another. That provision is already in the law. Why the committee allowed the full amount in the case of the military assistance portion of the bill, and the full amount for defense support, and then provided for a \$235 million transferability as to the two items is something I cannot understand. I cannot go along with their action. I do not believe it should be done that way.

We saw fit, 2 or 3 years ago to allow the 10 percent transferability clause to apply to any item; and that provision will remain in the act. It is not being disturbed. Under this provision, certain amounts may be transferred from one phase of the program to another, provided the amount transferred does not add more than 20 percent to the total of the item to which it is transferred.

As to the reason for the proposed cut, as I pointed out in my opening remarks, there was available for expenditure on July 1, 1957, \$5,562,090,000. The estimated expenditures for the year 1958 are \$2,200,000,000, thus leaving an unexpended balance as of July 1, 1958, of \$3,362,090,000. As I said in my opening statement, I believe that \$1.3 billion for military assistance is ample, particularly when the record today shows there is in the pipeline in excess of \$3 billion. In the first 9 months of this fiscal year, of the total \$1,340,000,000 appropriated last year, ICA, which administers the MSP, was able to contract for only \$567 million. In other words, they were able to spend only a little over a third of the amount which was provided for them last year. Now we have in reserve, in the pipeline, a huge amount which can be deobligated at any time it is seen fit to do so, and applied to other, new programs if it is so desired.

In my judgment, one of the most objectionable sections of the military assistance program is the creation of armies in small countries that cannot afford them. It does not make sense

to me to saddle small, backward countries with what would be to them large armies.

I am not permitted to give the amounts we have already spent in Iran, as an example, on what we propose to spend there in the next 7 or 8 years. However, it is sufficient to say it is a huge sum of money. I visited Iran last year. It is my opinion that the money we are spending there is more or less wasted. We are burdening the Iranian Government with the expense of trying to maintain an army to fight Russia. Such a situation would be like sending a popgun corps to capture Washington. The Iranian Army could not do a thing against Russia. Yet, a good portion of the money we have appropriated for foreign aid is going to be used to enlarge the army and put even greater burdens on the Iranian Government to maintain that army. I was in Tabriz, Iran, recently and I have never seen such abject poverty. I would much prefer to see the money we appropriate used to help those people economically, if possible, instead of saddling the Government with an army it cannot support. That army, in addition, would not be effective in the event of attack by an aggressor force. Sitting there on the periphery of Russia, a few missiles, fired from well-placed installations around the border, could destroy practically all the big cities of Iran. This is true not only of Iran but of many other areas in southeast Asia.

Let us consider South Vietnam. That country is young. It does not have the capability of maintaining a large army. Neither does Laos. Although Laos is a member of the French Union, the United States is paying for its army's hardware, food, and clothing. The United States even pays the family allowances of the Laotian soldiers. That is how poor Laos is. Yet we are providing more funds to set up even larger armies in countries like that. To my way of thinking, those armies would be of little or no service in the event of any kind of conflict in those areas.

We have been told in the past that these armies are being created to put out brush-fire wars should they start. That was perhaps a good reason at one time. However, I am sure that Senators have read recently that we have made ready four divisions of our troops to take care of situations of that kind. Anyone knows that if an attack were made today on South Vietnam, or on Laos, neither of those countries could hold the invaders for more than a very short time, according to the testimony which was submitted before the Foreign Relations Committee. Let me read from the testimony on the situation in South Vietnam, about which I have been talking:

Senator SMITH. Do you feel satisfied militarily with the situation in South Vietnam, the Saigon area? What do you have in forces as against those in North Vietnam and the Hanoi area?

Admiral STUMP. The North Vietnam or the Viet-Cong, as they have started calling them, they used to be Viet-Minh, are much stronger than the South Vietnam is. They have about twice as many soldiers on active duty and besides that in North Vietnam they

have some reserves of about 200,000, whereas the South Vietnam Army, as you know, is about 150,000.

They are much stronger. They have re-equipped themselves from China, and there is no doubt that they could march clear across South Vietnam.

Senator SMITH. You mean from Russia via China perhaps?

Admiral STUMP. That is right; yes. They could undoubtedly win a war if we did not come in to help. But I do think, the terrain being what it is, that the army of South Vietnam could delay them long enough for them to get help from the outside.

Mr. President, as I said a moment ago, when military assistance was first begun, it was to take care of brush-fire wars. But this objective has obviously been forgotten. In this connection, the Washington Post and Times Herald of March 25, 1958, published an article entitled "Pentagon Appears To Shift Emphasis to Planning for Brush-Fire Wars." The article states that four divisions of United States troops are being equipped to be sent anywhere in the world overnight if a brush-fire war should start.

Why should we spend huge sums of money in order to equip small armies in, say, Iran, Vietnam, Laos, of Cambodia—countries which could not under any circumstance effectively defend themselves? I believe we could well reduce this amount of military aid and instead help, if necessary, to provide a local police force which might be needed only to keep peace within the country.

We have assisted France to the point where it hurts. In past years we have made available to France more than \$8 billion in military aid and economic aid grants. Notwithstanding that fact, in the past we have provided from 38 percent to 44 percent of the cost of maintaining armies in the area of France.

Mr. CHAVEZ. Mr. President, will the Senator yield on that point?

Mr. ELLENDER. I yield.

Mr. CHAVEZ. The reason for providing military aid to France is that France is a member of NATO. Is not that correct?

Mr. ELLENDER. Yes; that was the reason.

Mr. CHAVEZ. That was the so-called justification. But instead of using the military aid for NATO, France is using it now to kill Algerians and Tunisians in Africa.

Mr. ELLENDER. That was the point I was approaching. I visited France on 2 or 3 occasions. I have visited practically all of the NATO countries in the past 3 or 4 years.

What we have in Western Europe today as a shield is nothing more or less than paper divisions. There are a few active divisions, but very few. Today, almost half of the active divisions in Western Europe are from the United States. Yet as originally planned under NATO only one-fourth or one-fifth of the troops were to be from the United States, while the rest were to be from other NATO members. Instead, reductions have been made to the point where now our soldiers, if an attack were made, would be in serious danger. They are defending Europe almost alone and

would have to face the brunt of the attack should the worst come.

As the distinguished Senator from New Mexico pointed out, the ammunition, guns, and some of the airplanes sent to defend Western Europe have been used in north Africa in recent days to make more trouble for us.

Newspapers have contained many articles recently concerning the withdrawal of troops from Western Europe by the United Kingdom. More than 30,000 soldiers are to be withdrawn from that area, leaving the United States to hold the bag, to a large extent.

Notwithstanding the fact that Western Europe today is in better shape economically than it has ever been, we are providing \$519,500,000 in this bill for assistance to Western Europe. I think such a situation is shameful.

The purpose of the Marshall plan has been accomplished, yet the United States continues to provide assistance to these countries.

I think we have reached the point where we should examine our foreign policy, to see if we cannot get those people whom we have helped in the past to assist us in keeping the free world strong. If they could be convinced to do

their share, it would be possible for us to be relieved of a portion of this heavy burden. We cannot possibly continue to spend money at the rate we are now spending and still hope to survive. The amount of money which was appropriated to operate the entire Government when I first came to Congress 22 years ago was just about what is now required to pay the interest on the national debt. Any person with commonsense knows that we cannot maintain our spending rate and expect to survive. Unless we call a halt to this program and get other nations to realize that the battle against communism is as much their burden as it is ours, we cannot be successful in bringing about the permanent peace which all of us so desire.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table printed in the hearings of the Senate Foreign Relations Committee on the Mutual Security Act of 1958 showing our contribution to NATO and the European countries aggregates a total of \$737.4 million and \$519.5 million, respectively, for fiscal year 1959.

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

EXHIBIT B

NATO area programs, fiscal years 1958 and 1959

[Million dollars]

	Fiscal year 1958 NATO program	Fiscal year 1959 NATO program	Fiscal year 1959 Europe program
Material and training:			
Conventional material and training (country programs).....	334.7	307.8	206.6
Missiles and aircraft modernization.....	282.1	228.3	131.6
Other materiel (spares, packing, crating, handling, and transportation, repairs, and rehabilitation).....	84.3	75.8	53.8
Subtotal.....	701.1	609.9	392.0
Cost sharing:			
Mutual weapons development.....	40.0	40.0	-----
Facilities assistance.....	20.0	20.0	-----
Infrastructure.....	66.0	60.0	-----
International military headquarters.....	6.5	7.5	-----
Subtotal.....	131.5	127.5	-----
Total.....	832.6	737.4	-----

Mr. ELLENDER. Mr. President, at this point I would like to say a few words about the Development Loan Fund.

Last year we appropriated \$300 million for this fund and authorized an additional \$625 million for this year.

In my judgment this is nothing more or less than an international Reconstruction Finance Corporation. However, 10 years later, we are finally getting around to following the advice of General Marshall. In outlining his plan to help Europe to help itself, General Marshall suggested that loans be extended to war-ravaged areas. You notice he said nothing of grants. He spoke of loans.

Now, 10 years after the start of the Marshall plan, the Development Loan Fund is about to go into action and offer loans to help people help themselves.

Mr. President, getting away from the Development Loan Fund, I would now like to discuss one phase of the pipeline. In 1954, money was earmarked for the modernization of the British Air Force. Yet, this money is now being used to de-

fray the cost of installing IRBM squadrons and other missile programs. To my mind, this is something which the British ought, at least, help us do; but we are doing the whole job.

I ask unanimous consent that the statement from the hearings on this subject be printed at this point in the RECORD.

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

EXHIBIT D

Mr. SPRAGUE. * * * There is available today \$112 million of prior-year funds which we can use against the cost of the [deleted] IRBM squadrons which will be deployed in England commencing with the first squadron in December of 1958. The total cost to the United States of these [deleted] squadrons is expected to reach approximately [deleted] million dollars, including training missiles and training equipment.

* * * * *
The CHAIRMAN. You do not think too much was appropriated for the purpose then enumerated?

Mr. SHUFF. Mr. Chairman, may I speak to this point? One of the contracts was for the Gloster Javelin airplane. It was firmly programed, and programed in good faith by ourselves and the recipients, and by the producers. However, as the development of the airplane and the production had started and got along, it was found that it was not suitable for the purpose for which it was designed.

The other aircraft concerned in this procurement was the Hawker Hunter, which did come along the way it was designed, and went into production and was satisfactory. Unfortunately the British, in a white paper, cut down the extent of their air force as they had planned it when the airplanes were programed.

Mr. ELLENDER. Mr. President, included in this military assistance item is one for mutual weapons development. It is all very well for us to spend a total of approximately \$8 billion for research and development in our own Defense Department. But, in addition, now we are being asked to pay half of the amount for mutual weapons development in Europe. In addition to paying this one-half of the cost of that program, which amounts to \$40 million, we are also providing 50 percent of the cost of the facilities assistance program.

In other words, we pay to develop the implements of war. Then we provide 50 percent of the cost for tooling the facilities. As I have said, in view of the fact that we have been so generous with these countries during the past 10 years, and in view of the further fact that their economies now are an average of 168 percent of their prewar level, it seems to me they should be able to handle an item of this kind by themselves. However, our foreign-aid administrators offer them this assistance, and of course they accept it. As I have said before and I will say again, they will continue to lean on us as long as we permit them to do so.

Mr. President, this item also relates to our dealings with the countries of Western Europe. I recall that 2 or 3 years ago, when the boast was made that our economic aid to Europe had ceased, it was replaced with what was called off-shore procurement. During the last 3 or 4 years we have provided in the neighborhood of \$3 billion for this purpose.

As I recall, there was an understanding that these plants would be placed on a standby basis. But evidently such was not the case, since we are still providing facilities assistance in this bill. I believe it is shameful for the United States to spend money in this way.

Mr. President, at this time I wish to call attention to what we are doing in Laos, a small country of less than two million population, with few assets, and without sufficient money to run their Government. In that connection I shall read from the testimony taken at the hearings of the Senate Foreign Relations Committee, as it appears on page 41:

Question. Are we still providing troop pay and family allowances of the Lao Army? If we are, are we following the same procedure in other areas?

Answer. A portion of United States assistance to Laos is for the purpose of paying troops, including family allowances. In other countries the situation is quite dif-

ferent: In such countries United States assistance is not for the purpose of supporting troop pay and family allowances. Such assistance rather is intended to help the receiving country to import the commodities and services needed by its economy in order to sustain the desired level of military activity or otherwise to make it possible for the country to make the contribution to the common defense which is the purpose of defense support. In such countries, however, local currencies resulting from the importation of the goods and services are deposited either in an account belonging to such countries or, in the case of surplus agricultural commodities, in an account owned by the United States. A portion of such local currencies is attributed to the support of the defense budget in such countries. Beyond the contribution to the defense budget it is frequently not useful to carry the attribution to the exact uses of such local currency. However, it would not be inaccurate and in some cases, such as Vietnam, it is quite clearly accurate to say that a portion of the contribution to the defense budget may find its way into troop pay and family allowances. Such countries include Cambodia, Vietnam, Korea, Greece, Pakistan, and Turkey.

In addition, a contribution is made to the support of the general budget of Jordan as a result of which it would be reasonable to assume that some of this contribution might find its way into troop pay and family allowances.

Mr. President, I ask unanimous consent that other excerpts from the testimony taken at the hearings be printed at this point in the RECORD, as part of my remarks.

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

SUPPORT OF LAO MILITARY FORCES

The CHAIRMAN. Very well. Have you any questions, Mr. Fulbright?

Senator FULBRIGHT. Yes, Admiral, I notice that the Presentation Book says that we bear the entire cost of supporting the Laotian army. It says the average annual cost of maintaining military personnel for Laos is \$867 per person compared to \$719 for Cambodia, \$245 for Thailand, and \$147 for Taiwan. Why is it that we bear the entire cost of personnel in Laos?

Admiral STUMP. Mainly, sir, because Laos does not produce anything that it can send out. It is a wild country with only 2 million people in it, the most sparsely populated country in southeast Asia; 95 percent of them cannot read or write. They did not even have any banks there. There wasn't a bank there until 3 years ago. Therefore, they have no way of raising money to buy the things that are required by a military force. None is produced in Laos. Therefore, if they are going to have any army—they have an army of [deleted] simply all the money for them has got to come from the United States. They cannot raise it locally.

Senator FULBRIGHT. [Deleted.] What do the French have to do with the Lao Air Force?

Admiral STUMP. The French are still there in Laos. Laos is still a part of the French Union. [Deleted.]

Senator FULBRIGHT. Does the French Government nominally have control of Laos?

Admiral STUMP. No, sir. It is independent, but closely tied to France through the French Union.

Senator FULBRIGHT. Do the French contribute anything to the support of the army?

Admiral STUMP. Yes, they do. Have we got a figure on that?

Captain GREEN. No, sir, I haven't got a figure. They do contribute.

Admiral STUMP. They have a training mission and they pay the expenses of that training mission. I do not think they furnish money for any equipment.

Senator FULBRIGHT. Is it correct that they furnish no money to support the Lao Army itself, but only to their own mission?

Admiral STUMP. That is correct.

Senator WILEY. How much is infrastructure this year?

Mr. JANDREY. Sixty million dollars.

Senator WILEY. What have we spent on infrastructure since the war?

General GUTHRIE. Actual expenditures through fiscal year 1957 were \$392 million. The estimated total for fiscal year 1957 is \$70 million. That includes airfields, communications, POL storage, naval bases, headquarters, and training installations. They are fixed military facilities and when shared out, the United States percentage of the total is in the neighborhood of 38 percent of whatever the entire project costs.

OFFSHORE PROCUREMENT

Since there has been some discussion about offshore procurement, we thought it might be of interest to the committee to indicate to you gentlemen what our record has been in the offshore procurement field.

In the early days of this program, there were various reasons why we wanted to try and maintain and promote the industry of our various NATO partners, keep the aircraft industry going, for instance, in France and Italy and in the United Kingdom.

A good many offshore procurement contracts were placed in the interest of accomplishing that, and also to expand the mobilization base in case we should need to use it in time of war, in time of emergency.

Since that time, we have leveled out.

Another thing we tried to do in putting these offshore procurement contracts abroad was to try and get these people in a position where they could better help themselves. In other words, in order to get them going in maintaining spare parts and in making these various things that we knew they would need on a continuing basis, our offshore procurement program was designed as a pump-priming operation with the hope that after the pump was primed, they would pick up—

The CHAIRMAN. I should think in all of these agreements you would provide for the eventuality that these machines would become obsolete before the spare parts can be manufactured.

Mr. SHUFF. This was a consideration. However, a good many of them have kept on. As a result of that, our contracts have fallen off until now we are something under \$100 million, so we are asking \$69 million for 1959 for this program.

OFFSHORE PROCUREMENT

It is United States policy that offshore procurement will not be undertaken if it will (1) have serious adverse effects on the United States production base; (2) result in unjustifiable price differentials in comparison with United States supply of similar type items; (3) result in failure to meet United States delivery objectives; or (4) jeopardize security interest of the United States.

Offshore procurement has rapidly declined in recent years due to the changing nature of MAP materiel requirements and the vital need for retaining orders in the United States to sustain the domestic military production base. The result of these changed factors is readily apparent from chart X, where it can be seen that contracts placed have been reduced from a total of \$1.6 billion in fiscal year 1953 to an estimated \$112 million in fiscal year 1958, while expenditures have decreased from a maximum of \$668 million in fiscal year 1956 to an estimated \$229 million in fiscal year 1958.

Current offshore procurement is restricted to items which must be of foreign types to support foreign equipment; items no longer produced in the United States; arrangements whereby the producing country contributes a substantial portion of the costs involved, and similar circumstances.

I would like to say a word about the program proposed for Europe for fiscal year 1959. Once more we are requesting funds for what is essentially a military and defense support program. Of the approximately \$281 million proposed for Europe, \$251 million is related directly to defense, that is, \$206.5 million for military assistance shown in European country programs plus \$45 million for defense support. These figures do not tell the whole story, however. As in previous years, much of the proposed military assistance can only be planned at this early stage of the programing process on a global basis. Such items as missiles, aircraft modernization, and spare parts (described in the presentation book on "Non-regional Programs" under the heading "Special Materiel Programs") add substantially to the military program when broken down by region and by country. While the country allocations are very tentative at this time, the total thus developed for Europe (shown on p. 7 of the presentation book, "Europe and Africa") amounts to \$185 million, bringing the total proposed military aid program for Europe to about \$392 million. The great bulk of the \$185 million additional increment, in the case of the European countries, is intended missiles in order to carry forward the modernization of NATO forces which has been underway since 1956 and which is so important to General Norstad's defense plans and our own security.

Mr. ELLENDER. Mr. President, included in this amount is money to be used to pay for the support of the U. N. troops in Korea, other than our own. In other words, the United States is not only paying for the maintenance of its own divisions in Korea, but also for the maintenance of the 20-odd divisions of the ROK, and also for the maintenance of a comparatively small number of troops stationed there by Britain, Turkey, Greece, and the Philippines. I believe it is shameful that the United States should provide as much as \$12 million to support those troops.

Concerning this item, I quote the following from the committee hearing:

The CHAIRMAN. Are there any other United Nations forces still in Korea?

Admiral STUMP. Yes, there are, but just token forces.

The CHAIRMAN. Which countries?

Admiral STUMP. I would like to check that. Thailand, Turkey, and the United Kingdom have small forces. The Philippines has representation in the honor guard.

The CHAIRMAN. Is the United Kingdom the only one?

Admiral STUMP. No, sir. Thailand, Turkey, United Kingdom, and the Philippines. Most of those forces have been reduced to such a small number that they are really just token forces to show their continued unity with the United Nations in the job they are doing.

The CHAIRMAN. Then the United States is the only one that has more than token forces?

Admiral STUMP. Yes, sir; we have two divisions there. Turkey has a brigade.

The CHAIRMAN. I won't ask any more questions now. I will defer them until later.

Mr. President, as I have just stated, in order to take care of these token forces, we are providing \$12 million in this bill.

Of all the ridiculous things, Mr. President. I do not know how our representatives abroad can think of the many ways they find to spend our money.

Another item included in the military assistance appropriation is the nutritional survey. In 1957, we provided \$202,000 for this program; for 1958, \$210,000; and in this bill there is \$275,000 to perpetuate the program. This is something that should be borne by the people of the countries concerned. Even though this amount is small, why should we be burdened with such an expenditure? It strikes me that our administrators are simply looking for ways and means to spend our money.

Mr. President, I ask unanimous consent to have the justification for this item printed in the RECORD at this point.

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

NUTRITION PROGRAM—MILITARY ASSISTANCE

The ultimate objective of this program is to assist friendly countries in the establishment of permanent nutrition services within their armed forces. This will involve the training of local personnel in modern techniques of study and analysis in the field of nutrition technology and subsequently the transfer to them of basic laboratory equipment and supplies used in the surveys.

Since January 1956, nutrition surveys have been completed in Iran, Pakistan, Korea, Philippines, Turkey, and Libya. As a part of the fiscal year 1958 program, full surveys will be made in Spain and Greece, the first stage survey will be conducted in Ethiopia and follow-up work will be undertaken in Iran and Libya. These projects, together with other plans not yet finalized, will amount to \$208,000.

Continuance of the nutrition program for fiscal year 1959 will cost \$275,000 for initial survey in two additional countries and follow-up work in the Philippines, Pakistan, Libya, Spain, Greece, and Ethiopia. This program represents a comparatively small expenditure in order to help insure through technical advice that the users of MAP equipment, which represents an investment many times as great, will be physically qualified to carry out their assigned missions.

Programs

	[In thousands of dollars]
Fiscal year 1957.....	202
Fiscal year 1958.....	210
Proposed fiscal year 1959.....	275

	[In thousands of dollars]		
Military assistance	Programmed	Expenditures	Unliquidated
Cumulative June 30, 1957.....	252	51	201
Estimate fiscal year 1958.....	210		
Cumulative June 30, 1958.....	462	51	411

Mr. ELLENDER. Mr. President, there is also in the military assistance program an amount of \$10 million for the overseas internal security program. I cannot understand why we should be strapped with this burden.

Reading from page 94 of the hearings:

Many countries lack knowledge, training, or means to defend themselves successfully against Communist pressure and penetration. This amount supplements with military aid an ICA program to assist them in resisting Communist subversion.

You will note on the chart that we have \$49 million for programs under negotiation.

These programs will be discussed with you by our regional directors.

The remainder was deleted because the information was more or less secret.

Why in the name of commonsense should we be spending money in order to teach people in France, England, or anywhere else in the world, how to deal with Communists? It strikes me that is the business of the people in the countries concerned. They ought to be the ones to do it. Nevertheless, negotiations are presently underway to use a total of \$49 million, and \$10 million is being provided on account in this bill.

Mr. President, I do not intend to go into any more detail. I simply wish to reiterate that in the amount of \$1,800 million, certain programs are included which could and should be undertaken by the local people.

Mr. President, I yield the floor.

Mr. GREEN. Mr. President, the amendment offered by the senior Senator from Louisiana [Mr. ELLENDER] reduces the authorization for military assistance from \$1.8 billion to \$1.3 billion. This is an overall reduction in the amount authorized by the amount of \$500 million.

On behalf of the Committee on Foreign Relations, I wish to oppose this amendment. I suggest to the Senator from Louisiana that if he wishes to reduce the amount of money for military hardware, this is a subject more properly taken up with the Senate Committee on Appropriations.

The Committee on Foreign Relations has already reduced by \$235 million the sums authorized for military assistance and defense support. I do not believe these amounts should be reduced further.

The bulk of the military assistance funds which would be affected by the proposed cut would be in the areas of the Far East, the Middle East, and South Asia. If this additional cut of \$500 million were accepted by the Senate, it would be necessary for the President to reduce the military assistance we are now giving to countries bordering on the Soviet Union or Communist China, such as the Republic of Korea, the Republic of China, and Turkey. Surely the condition of the world is not such as to warrant any such massive reduction in military assistance to these key countries.

In 1950 we learned the lesson of unpreparedness. There had been such a substantial reduction in the size of the armed forces of the free world that Communist-controlled North Korea felt our lack of defenses was such as to invite military attack on South Korea. As a consequence more than 100,000 American casualties resulted from the efforts of the free world to prevent Communist aggression. I feel sure, Mr. President, that if the United States begins now to reduce substantially the military assistance which it gives to the countries on the borders of the iron and bamboo curtains, there is great danger that our action will be construed as a lack of interest in the preservation of the independence of those countries.

I ask, therefore, Mr. President, that the amendment of the Senator from Louisiana

and reducing military assistance by \$500 million be rejected.

Mr. ELLENDER. Mr. President, I simply wish to point out again that if my pending amendment is adopted, and if the amendment I shall propose in a few moments is adopted, the same amount of money which they received last year will be available for Korea and Formosa.

Mr. GREEN. I am commenting on what the Senator has already proposed and said. I have no idea what he has in mind to propose for the future.

The PRESIDING OFFICER (Mr. PASTORE in the chair). The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. CLARK in the chair). Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GOLDWATER (when his name was called). On this vote I have a pair with the senior Senator from California [Mr. KNOWLAND]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

Mr. McCLELLAN (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. HOLLAND]. If he were present and voting, I understand that he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Virginia [Mr. ROBERTSON], and the

Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

On this vote the Senator from Delaware [Mr. FREAR] has a pair with the Senator from Missouri [Mr. SYMINGTON]. If present and voting the Senator from Delaware [Mr. FREAR] would vote "yea" and the Senator from Missouri [Mr. SYMINGTON] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPPEL] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Ohio [Mr. BRICKER], the Senator from Vermont [Mr. FLANDERS], the Senator from Iowa [Mr. MARTIN], and the Senator from Michigan [Mr. POTTER] are detained on official business.

If present and voting, the Senator from Wyoming [Mr. BARRETT], the Senator from Iowa [Mr. MARTIN], the Senator from New York [Mr. IVES], the Senator from Michigan [Mr. POTTER], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Kansas [Mr. SCHOEPPEL] would each vote "nay."

The Senator from California [Mr. KNOWLAND] is detained on official business and his pair has been previously announced by the Senator from Arizona [Mr. GOLDWATER].

The result was announced—yeas 24, nays 46, as follows:

YEAS—24

Anderson	Ellender	Morse
Bible	Ervin	Proxmire
Butler	Fulbright	Russell
Case, S. Dak.	Hruska	Stennis
Chavez	Jenner	Talmadge
Curtis	Jordan	Thurmond
Dworshak	Langer	Williams
Eastland	Malone	Young

NAYS—46

Alken	Green	Monroney
Allott	Hayden	Morton
Beall	Hennings	Mundt
Bennett	Hickenlooper	Neuberger
Bridges	Hill	Pastore
Bush	Hoblitzell	Payne
Capehart	Humphrey	Purtell
Carlson	Jackson	Smathers
Carroll	Javits	Smith, Maine
Case, N. J.	Johnson, Tex.	Smith, N. J.
Church	Kefauver	Sparkman
Clark	Kennedy	Thye
Cooper	Kuchel	Watkins
Dirksen	Lausche	Wiley
Douglas	Magnuson	
Gore	McNamara	

NOT VOTING—28

Barrett	Johnston, S. C.	O'Mahoney
Bricker	Kerr	Potter
Byrd	Knowland	Revercomb
Cotton	Long	Robertson
Flanders	Mansfield	Saltonstall
Frear	Martin, Iowa	Schoepfel
Goldwater	Martin, Pa.	Symington
Holland	McClellan	Yarborough
Ives	Murray	

So Mr. ELLENDER'S amendment was rejected.

Mr. HUMPHREY. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. CHURCH in the chair). The question is on agreeing to the motion of the Senator from Alabama.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 34, lines 15 and 16, it is proposed to strike out "\$1,800,000,000," and insert in lieu thereof "\$1,600,000,000."

Mr. ELLENDER. Mr. President, I am not going to detain the Senate very long in discussing this amendment except to say that it would cut military aid by \$200 million. I sought to reduce this authorization by \$500 million a moment ago.

The transferability clause appearing on page 63—section 13 of the bill—will remain in the bill, unchanged.

Therefore the maximum authorization provided for military aid would be the same as that of last year.

I ask for the yeas and nays.

The yeas and nays were ordered.

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

Mr. ELLENDER. I yield.

Mr. SPARKMAN. Could the Senator tell us briefly what effect his amendment would have on the overall amount? May I put it this way? As I understand, the only effect of the Senator's amendment would be to limit the military expenditures to \$1,600,000,000. Is that correct?

Mr. ELLENDER. That is exactly correct. That is the same amount that was authorized last year.

Mr. SPARKMAN. What effect would it have on the overall amount?

Mr. JOHNSON of Texas. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. SPARKMAN. What effect would it have as compared with the bill reported by the committee?

Mr. ELLENDER. It would reduce the maximum amount authorized for military assistance by \$200 million. The transferability would remain at \$235 million, as would the combined \$2.4 billion ceiling for military aid and defense support.

Mr. SPARKMAN. Does it affect economic aid in any way?

Mr. ELLENDER. It does not affect defense support.

Mr. JOHNSON of Texas. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order so that the colloquy between the Senator from Alabama and the Senator from Louisiana may be heard. The Senate will be in order. No further proceedings will occur until the Senate is in order, so that the colloquy may be heard. Attachés of the Senate will please refrain from conversation; and in failure to do so, they will please leave the Chamber.

Mr. ELLENDER. As I have indicated, the amendment now pending is in language similar to that which the Senate rejected, except that the pending amend-

ment would reduce the maximum military aid authorization from \$1,800 million to \$1,600 million. The effect of the amendment would be to place a ceiling of \$1,600 million on military assistance.

In addition, it would leave section 13 unchanged. My previous amendment would have deleted that section.

Mr. SPARKMAN. What it does is it places a ceiling on military expenditures at the same level as last year. Is that correct?

Mr. ELLENDER. That is correct.

Mr. HUMPHREY. I believe the Senator's amendment is a sound amendment, and is one that some of us wished to support in the committee.

Mr. ELLENDER. I thank the Senator.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER]. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GOLDWATER (when his name was called). On this vote I have a pair with the senior Senator from California [Mr. KNOWLAND]. If he were present and voting, he would vote "nay"; if I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. McCLELLAN (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. HOLLAND]. If he were present, I understand he would vote "nay"; if I were permitted to vote, I would vote "yea." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that if present and voting, the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPPEL], are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Ohio [Mr. BRICKER], the Senator from Vermont [Mr. FLAN-

BERS], the Senator from Iowa [Mr. MARTIN], and the Senator from Michigan [Mr. POTTER] are detained on official business.

If present and voting, the Senator from Iowa [Mr. MARTIN], the Senator from New York [Mr. IVES], the Senator from Michigan [Mr. POTTER], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "nay."

The Senator from Kansas [Mr. SCHOEPEL] is paired with the Senator from Wyoming [Mr. BARRETT]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Wyoming would vote "nay."

The Senator from California [Mr. KNOWLAND] is detained on official business, and his pair has been previously announced by the Senator from Arizona [Mr. GOLDWATER].

The result was announced—yeas 43, nays 28, as follows:

YEAS—43

Anderson	Hennings	Mundt
Bible	Hill	Pastore
Butler	Hruska	Proxmire
Carroll	Humphrey	Russell
Case, S. Dak.	Jackson	Smathers
Chavez	Jenner	Sparkman
Church	Johnson, Tex.	Stennis
Curtis	Jordan	Symington
Douglas	Kefauver	Talmadge
Dworshak	Kennedy	Thurmond
Eastland	Langer	Watkins
Ellender	Magnuson	Williams
Ervin	Malone	Young
Fulbright	Monroney	
Gore	Morse	

NAYS—28

Aiken	Cooper	Morton
Allott	Dirksen	Neuberger
Beall	Green	Payne
Bennett	Hayden	Purtell
Bridges	Hickenlooper	Smith, Maine
Bush	Hoblitzeil	Smith, N. J.
Capehart	Javits	Thye
Carlson	Kuchel	Wiley
Case, N. J.	Lausche	
Clark	McNamara	

NOT VOTING—25

Barrett	Johnston, S. C.	O'Mahoney
Bricker	Kerr	Potter
Byrd	Knowland	Revercomb
Cotton	Long	Robertson
Flanders	Mansfield	Saltonstall
Frear	Martin, Iowa	Schoeppel
Goldwater	Martin, Pa.	Yarborough
Holland	McClellan	
Ives	Murray	

So Mr. ELLENDER's amendment was agreed to.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Minnesota to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ELLENDER. Mr. President, I had intended to submit an amendment which would reduce the amount for defense support; but in view of the fact that the Senate has agreed to the last amendment, and since I know that an amendment to reduce defense support would fail, I shall not present my defense support amendment.

I now call up my amendment designated 6-4-58-E and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, beginning with line 15, it is proposed to strike out down through line 15 on page 45.

Renumber subsections of section 8 accordingly.

Mr. ELLENDER. Mr. President, the effect of this amendment is to strike from the bill the \$200 million contingency fund. My reason for doing so is very simple.

Last year, a special Presidential fund was provided, aggregating \$225 million. It included functions for which two funds are sought this year—that is, the \$212 million special assistance fund and the \$200 million contingency fund, which my amendment would strike.

Under the bill, as I understand it—and if any Senator differs with me, I wish he would say so—the President has the authority to transfer, and for any purpose he might desire—\$1,283,000,000. That figure is derived in this way:

Money now in the pipeline and not obligated, but reserved for spending.

In regard to that amount of money, the President has authority, under section 501 of the act, to transfer as much as 10 percent for any purpose he may desire. Since \$3,742 million has not actually been obligated, the President would have authority under section 501, to transfer \$374 million.

Applying the 10 percent transfer authority to the amount authorized in the present bill, less the development loan fund authority, less the special fund and contingency fund—both of which are 100 percent transferable—the total amount which could be transferred totals \$262 million.

Also, under section 13, there is authority to transfer from military aid to defense support, or vice versa, \$235 million.

There is also the contingency fund, which I am seeking to strike out, of \$200 million, which the President can spend 100 percent as he sees fit.

Of course, the special assistance fund of \$212 million falls in the same category.

If we add these figures together, it is obvious that the President has authority to transfer as much as \$1,283 million from one item to another—the only limitation is that the amount transferred must not exceed 20 percent of the item to which it is transferred.

I believe the contingency fund should be stricken out, because the President already has ample authority to transfer funds from one category to another.

So I hope the Senate will agree to the amendment.

The PRESIDING OFFICER (Mr. CHURCH in the chair). The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. DIRKSEN. Mr. President, I thought perhaps a member of the Foreign Relations Committee would oppose the amendment. But certainly I wish to oppose it.

Mr. FULBRIGHT. Mr. President, if the Senator from Illinois will yield, let me say that I, too, shall oppose the amendment.

Mr. DIRKSEN. I am glad to hear the Senator say so.

Mr. FULBRIGHT. So I do not think the Senator from Illinois should jump to the conclusion that no member of the committee will oppose the amendment.

Mr. DIRKSEN. I am sorry I was in error. But the Chair had put the question, and I did not see any member of the committee on his feet.

Mr. FULBRIGHT. If the Senator from Illinois wishes me to do so now, I shall be glad to state that I opposed the amendment in the committee, and I shall oppose it here. I voted for the cut in military aid that I have voted for heretofore.

Mr. DIRKSEN. Mr. President, I shall most willingly defer in favor of the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I think other members of the committee will take the same position that I do in regard to the amendment.

I did not mean to take the Senator from Illinois off his feet; I merely wished to point out that he was jumping to an erroneous conclusion.

Mr. DIRKSEN. I realize that that is so, Mr. President.

Let me say that in view of the situation existing today in Lebanon, in Africa, and elsewhere, I believe it would be folly to tie the hands of the President, who is the Commander in Chief of our Armed Forces, in such a way as to prevent him from taking action in situations which relate to or involve or affect our national security.

So I earnestly hope the amendment will be overwhelmingly defeated.

Mr. CAPEHART. Mr. President, let me call attention to the fact that, as a result of the vote on the last amendment, whereby a reduction was made, supposedly, in the amount of \$200 million, the Senate actually did no such thing, insofar as the overall authorizations provided by the bill are concerned, for the ceiling remains at \$2,400 million. What the Senate did, by means of the vote taken a moment ago, was to delete the \$200 million from the \$1,600 million. But the committee deleted \$235 million from the total of \$2,635 million, and thus set the ceiling at \$2,400 million. And even after the last vote, the ceiling is still \$2,400 million.

Mr. ELLENDER. The maximum military assistance ceiling has been cut by \$200 million. That is what I was trying to achieve.

Mr. CAPEHART. But my point is that the sum total is exactly what it was before. So let us not fool anyone into believing that, by means of the last vote, the overall amount has been reduced, because it has not been reduced.

Mr. AIKEN. Would not this amendment, if agreed to, strike out the \$200 million of so-called emergency funds the President has?

Mr. CAPEHART. I was speaking of the previous amendment.

In the case of the pending amendment, if the amendment is agreed to it will eliminate the \$200 million in the so-called emergency fund we have provided for the President. But if there is anything that is worth while, in view of the present world conditions, it is the

\$200 million emergency fund we have provided for the President. If cuts are to be made, let them be made elsewhere. I believe we have seen enough during the last few years to know that this fund is not a proper place in which to make a reduction.

Furthermore, as I have stated, following the last vote, we still have exactly the same total amount as we had before. We have made a shift from the military, rather than to make a change in the total amount, whereas the committee took the \$235 million from the total.

So, Mr. President, in view of present world conditions, if we really wish to fight communism and fight Russia, we should retain the \$200 million. If cuts are to be made, let them be made in the amounts for military aid or economic aid, but not in the President's emergency fund, because the money in that fund is needed.

Mr. AIKEN. Mr. President, I deplore as much as does anyone else the sudden shift in the position of the administration in regard to the Kennedy amendment; and I realize the great temptation—which has affected me somewhat today—to vote to make a reduction in, or eliminate entirely, the President's \$200 million emergency fund.

It is true that if the President does not have an opportunity to spend any of the money in the satellite countries, he possibly may not need as much of the money as he otherwise would. Nevertheless, we cannot know when or where it may be necessary for him to spend some of this money very quickly.

Inasmuch as the security of the country is involved it is possible that we would regret any hasty action in this connection.

Therefore, despite my regret—as stated yesterday—about the reported change of position by the administration, I shall vote to give the President the emergency money which I think he ought to have in the interest of the country.

Therefore, I shall vote against the pending amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

Mr. FULBRIGHT. Mr. President, as I said a moment ago, I believe this particular item is one of the most important in the bill, and I believe that certainly the President should be allowed flexibility in the use of these funds.

I believe that other items, such as the one for military aid, could stand a cut; and I voted to make such a cut. But I do not think this item can stand a cut.

Therefore, I hope the amendment will be rejected by the Senate.

Mr. SMITH of New Jersey. Mr. President, I agree 100 percent with what the Senator from Arkansas has stated.

In the committee we have studied this matter very fully.

Last year, when the Congress substantially cut special assistance, part of which was to be for contingencies, the President found himself, in March, with only \$5 million left, in special assistance funds, before some of the crises in the Middle East occurred.

So it would be foolish for us to make a cut in this \$200 million fund. If I were to take the time, I could relate many details in this connection. However, I shall not take time to do so.

Certainly, the President must have this fund, in order to take care of emergency situations as they arise; and the \$200 million is the minimum amount needed for this purpose.

Mr. ELLENDER. Mr. President, let me point out that I am not referring to the amount which was provided last year. Instead, my amendment relates only to the additional amount proposed this year.

Mr. SMITH of New Jersey. But the amount last year was insufficient and has been used before the end of this fiscal year; thus, the additional amount now proposed for the coming fiscal year is required.

Mr. ELLENDER. Last year it was called a special assistance fund, and \$225 million was provided for the same purposes for which this year it is proposed that we create two funds, with a total authority of \$412 million.

As I pointed out, in addition to the provision for \$212 million of special assistance funds which would still remain in the bill even if my amendment should be adopted, the President has the right of transferability over \$374 million of unobligated balances which are in the pipeline. He can do what he wants to with that amount. Under section 501 of the Mutual Security Act of 1954, as amended, he would have transferability over \$235 million, based on the amount to which that section is applicable in this bill. He can transfer those funds from one category to another, as he may see fit. He can do as he wishes with those funds.

Mr. SMITH of New Jersey. I regret very much that the distinguished Senator was not with us at the hearing when it was demonstrated that is not the fact. The President does not have that leeway.

Mr. ELLENDER. Does the Senator mean to say the President does not have the 10-percent transferability over this bill?

Mr. SMITH of New Jersey. Certainly he has, but there are situations existing all over the world today, and which experience tells us will exist, which will require more than can be transferred by law from other programs without harming those programs.

Mr. ELLENDER. Hostilities could break out again. I would not be surprised if they should, the way things are going in north Africa, Lebanon, and other areas. I presume that is the reason why the provision was put in the bill. But I point out to the Senator we are retaining in the bill the same special assistance fund with about the same amount as provided last year, a fund that can be used by the President as he desires. That provision would stay in the bill even if my amendment were adopted. In addition, the President has transferability in excess of \$1 billion, as I pointed out earlier.

Mr. GREEN. Mr. President, I think all the differences of opinion which have been expressed about the proposed

change show how dangerous it is to try to legislate on matters of this kind on the floor of the Senate. The Foreign Relations Committee is one of the best committees of the Senate. It has spent a great deal of time in adjusting these figures in committee. A great many proposals back and forth were made. The effect of all the different phraseology was discussed. The conclusions arrived at by the committee are now before the Senate. To begin now to "monkey" with the figures and transfer money from one fund to another would be unwise.

There are differences of opinion as to what the proposal does. Some Senators say it would take \$200 million from one place and put it in another place. Some Senators say we have made a great change. Others say no change at all has been made. Others say we have changed it in some other place. No one knows what the amendment does. Each one thinks he knows, but there is no agreement. I think the safest thing to do is for the Senate to adopt the results of the careful consideration of the committee whose duty it was to make these recommendations.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

The amendment was rejected.

Mr. ELLENDER. Mr. President, I call up my amendment identified as 6-4-58-F.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana will be stated.

The CHIEF CLERK. It is proposed, on page 35, beginning with line 3, to strike out all of section 5, down through line 12.

It is proposed to renumber the succeeding sections accordingly.

Mr. ELLENDER. Mr. President, over the years there have been accumulating in many countries huge sums in so-called special counterpart fund accounts. In that category there is a total of \$710,956,774 in such countries as Bolivia, Burma, Cambodia, China, Germany, Greece, Haiti, and so forth.

These counterpart funds have been accumulating over the years, and can be spent only by agreement between the country in which such funds are located, and our country.

The Foreign Relations Committee, which studies matters so carefully, as my good friend the Senator from Rhode Island [Mr. GREEN] has just stated, has put a provision in this bill that would permit the Austrian Government to use part of the funds in the counterpart account then vest them in an institution in Austria to pay damages sustained by certain Austrians at the hands of the Nazis during World War II.

The provision in this bill is the foot in the door, so to speak. There will no doubt soon be a cry to permit other countries in which counterpart funds are located to utilize such funds for purposes other than those now authorized by law.

I have gone to Austria in 3 of the past 5 years.

The first year I went there—it was 1953 as I recall—the counterpart account had some 5 billion schillings in it, about \$200 million in terms of our money to

spend. Our planners were having a hard time trying to spend that money.

Today there is a balance of \$42 million in counterpart in the fund and ways and means are being sought to spend that money. The latest seems to be a scheme to pay reparations, or damages, to Austrians who do not live there now but who were in some way injured or oppressed during World War II.

This is a purpose for which counterpart has never before been used. It is, as I said, the foot in the door. If we authorize this for Austria, Mr. President, other countries will ask for similar treatment.

France today has a balance of \$402 million in such funds.

Korea has \$188 million worth of counterpart funds.

All over the world, we have a total of over \$700 million in special counterpart accounts. If the committee language is permitted to stand, we shall, in effect, be turning over to a band of bureaucrats in the State Department, absolute authority to use that \$700 million as they may decide, subject to no congressional control, to be used for unknown and unspecified purposes.

Mr. President, because of the secrecy surrounding the military assistance we are giving to Austria I am not able to go into detail, but in the bill there is a huge sum for military assistance to Austria. Instead of permitting Austria to use this money to pay for damages done to some of her people during World War II we should, I believe, insist that the money be used to help in the military establishment, thus reducing the burden on our own taxpayers.

Mr. President, I hope this amendment will be adopted. Let us not set a precedent whereby counterpart funds in all countries where special counterpart accounts are found can be used for purposes other than those originally intended.

Mr. GREEN. Mr. President, I am very sorry to have to differ again with my good friend, the Senator from Louisiana, but I think the criticism of the provision in the bill is unfounded. The amendment would strike from the bill a section which is designed to make it possible to use 100 million counterpart Austrian schillings, which is about \$4 million, to compensate certain former Austrian nationals who have legally verified claims against the Austrian Government for persecutions under the last regime, which was the Nazi regime.

This provision of the bill was presented to the committee by the distinguished junior Senator from New York [Mr. JAVITS], and was agreed to by the committee. It is fully explained on page 11 of the committee report.

I shall emphasize two points now, to make my statement brief.

First, the counterpart funds involved are not owned by the United States. The use of the funds, therefore, does not cost the United States anything. Legislative authority to use the funds in the manner proposed is necessary because the United States, though it does not own the funds, does have a veto with respect to their use.

Second, the counterpart funds will be loaned to the Austrian Government to satisfy the claims, and will be repaid into the counterpart account. Thus, there would be no net loss of counterpart funds.

That is a summary of what the provision in the bill, as recommended by the committee, would do.

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

Mr. GREEN. I yield.

Mr. ELLENDER. Is this language not broad enough to permit any other country to use counterpart funds for new purposes, the same as is sought to be done for Austria?

Mr. GREEN. Similarly.

Mr. ELLENDER. Exactly. In other words, the language in the bill is not limited to Austria. The bill would make it possible for any country which has counterpart funds to utilize them for purposes other than those now provided in the law.

The report states:

Section 142 (b) of the act, which deals with the generation of foreign currency counterpart funds, provides that a portion of these funds, generally up to 10 percent, shall be made available to the United States for its uses and that the remainder will be used for programs agreed on by the United States and the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

Mr. GREEN. I think there is another provision in the bill which has been overlooked by my distinguished friend, the Senator from Louisiana, which reads as follows:

Provided, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States.

Mr. ELLENDER. That is the language which was added by the committee—the language which would make it possible for the money to be spent for purposes other than those the law now provides.

Mr. JAVITS and Mr. CASE of South Dakota addressed the Chair.

Mr. GREEN. It is obvious the language is to be considered in connection with the other language.

Mr. ELLENDER. Of course. The language modifies the present law.

Mr. GREEN. This is another case of an attempt to rewrite the committee report and recommendation.

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

Mr. GREEN. I think my answer has been quite sufficient to prove to my colleagues on the floor that there is no harm in the provision as recommended by the committee, and I trust that the recommendation of the committee will be adopted by our colleagues on the Senate floor.

Mr. ELLENDER. Am I to understand the Senator to say that the Committee on Foreign Relations is in such a position that the Senate cannot amend anything it does? Is that the position taken by the Senator?

Mr. GREEN. Not at all. It should be perfectly clear that when there is some mistake made by the committee it can be corrected. No mistake has been shown to have been made by the committee. The conclusion must logically follow, unless some mistake is shown.

Mr. ELLENDER. Mr. President, the mistake I have tried to show here is that the committee is attempting to amend the present law so that counterpart funds in the special accounts can be used for purposes other than those now provided by law. Austria is going to be in need of economic aid, probably, in the next 2 years. What is going to happen? The Austrians may come to us, and the Committee on Foreign Relations may find it necessary to recommend the appropriation of more dollars so as to generate counterpart funds. Why not, then, let these funds remain available for such purposes instead of whittling away at them?

Mr. President, as I pointed out a while ago, I have visited Austria on 3 or 4 occasions. I commented to the Appropriations Committee in a report I filed several years ago that I thought it was shameful for the administration to permit the accumulation of so many schillings from counterpart funds. Austria could not spend them. It took 4 or 5 years to dispose of some of that surplus, and there are still \$42 million in counterpart funds which could be used, if desired, to help on military plans.

I repeat that the bill authorizes for Austria a huge sum—I am not permitted, because of secrecy, to tell the amount—for military aid, to assist Austria in its military effort. I say that some of these counterpart funds could be used for that purpose.

Mr. JAVITS. Mr. President—
The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, I have been referred to as the Member who testified on this item before the Committee on Foreign Relations; so, if I may, I should like to give the Senate the basic facts which are involved, to show how this matter came to my attention and what it means. I shall try to do so very briefly.

In Austria a law was passed a few years ago—

Mr. BUSH. Mr. President, will the Senator speak a little louder, please?

The PRESIDING OFFICER. The Senate will be in order so that the Senator from New York may be plainly heard.

Mr. JAVITS. Mr. President, a few years ago in Austria there was passed a law to establish a fund called the Hilsfand, for the purpose of looking after the interests of superannuated people, those over 60 years of age, who had suffered at the hands of the Nazis in Austria.

These are people who have since left the country and have not returned. I do not believe that any Senator would need to look into his own mind too deeply to determine why they have not returned.

Their claims are somewhere between \$1,000 and \$2,000 each. There are 30,000 of them. The right to receive any com-

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pensation is based upon need. Every standard in that respect has been fully met.

The Austrian Government allocated 555 million Austrian schillings, roughly, the equivalent of about \$20 million, for the purpose of making these payments, and it provided that the payments should be made over a period of 10 years, roughly, at the rate of 55 million schillings a year.

It appeared that those in the most urgent need and facing a really dire situation represented a required expenditure at this time, if they are to be rendered any assistance—because they are very old—of 200 million schillings. The Austrian Government provided for payment of 10 percent every year. It would borrow from the counterpart funds another 100 million schillings in order to meet the urgent need of the old people, which amount, to be borrowed from the counterpart funds, it would subsequently repay.

First, this is strictly a loan transaction.

Second, it is for a highly humanitarian purpose.

Third, no commitment of any kind or character is involved. The State Department suggested this language. I originally went before the committee with a request for a special provision for this specific purpose. The State Department suggested this general language for one purpose, in order to give itself the authority to negotiate the transaction or not, as it thought wise under all the circumstances.

Mr. BRIDGES. Mr. President, will the Senator from New York yield for a question?

Mr. JAVITS. I yield.

Mr. BRIDGES. Who determines the basis for the payment? Is it our State Department?

Mr. JAVITS. The individual claims are determined under Austrian law by a board designated under the law. But if our State Department has the necessary authority, before it permits any counterpart funds to be applied it will pass upon the fairness of the procedures by which the claims are adjudicated. There are some 30,000 claims. Considering the number of claims and the amount involved, a ceiling is placed on the entire operation of between \$1,000 and \$2,000 per person.

Mr. BRIDGES. Do these claims involve property damages, or personal injuries?

Mr. JAVITS. The claims involve personal injuries. The requirement of the Austrian law is that the money shall go only to people over 60, who have suffered as a result of permanent injuries received in concentration camps.

I do not think there is much question about the humanitarian aspect involved. The 100 million schillings coming out of counterpart funds is a loan, which will be made on account of a commitment to repay by the Austrian Government.

As the provision is drafted, it contains one further safeguard. It permits this transaction to take place only after agreement between the United States and the Austrian Government—

I emphasize that—and only out of what are really surplus counterpart funds. In other words, after the counterpart funds have been utilized and apportioned for every other purpose, including the military purposes, if any there be, for which counterpart funds are needed, they may be devoted to the purpose to which my friend and colleague from Louisiana has alluded. In short, this is strictly a transaction involving surplus Austrian schillings piled up and doing nothing—funds which could be made available to the Austrian Government itself by a loan transaction. This is not money which the United States could use. It is not money for which the United States bargains, or which it could use for any beneficial interest for its own purposes. These are funds over and above everything which I have mentioned.

This is a case in which, by a loan transaction in the particular situation which I have described, some people who are among the most deserving on earth, who can find no other help, will be helped now, when the help will do them some good, instead of later, when they are dead.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CASE of South Dakota. If I may have the attention of the Senator from Louisiana, I should like to ask a few questions about the table which he handed me a few minutes ago. It is labeled "International Cooperation Administration Balance of Special Counterpart Accounts as of December 31, 1957." Apparently the table was prepared by the Office of the Comptroller General.

Mr. ELLENDER. That is correct.

Mr. CASE of South Dakota. Is this list of funds the total amount of funds which have not been utilized for authorized purposes?

Mr. ELLENDER. That is my information.

Mr. CASE of South Dakota. This list shows that there is involved not \$4 million, but \$710 million.

Mr. ELLENDER. That is what I thought I stated to the Senator. The figure in the last column—

Mr. CASE of South Dakota. This is a proposal to give to some clerks in the State Department the authority to appropriate money and to determine the purposes for which \$710 million worth of counterpart funds shall be used. There ought not to be any mistake about the broad scope of this language. The report of the committee itself says:

Although of general application, this amendment is designed in particular to make it possible for the Austrian Government to lend 100 million counterpart Austrian schillings (approximately \$4 million) to the Austrian Hiltand for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria.

It is intended to take care of a \$4 million situation, but according to the committee report, the provision is of general application. "General application" means that some \$710 million worth of counterpart funds will be available for

expenditure for some purpose which some clerk in the State Department may determine to be desirable or consistent with the foreign policy of the United States.

This provision will not be permitted to remain in the bill even if I am required to expend some time to advise the Senate what it is all about.

The junior Senator from South Dakota was a member of the Appropriations Committee of the House of Representatives at the time the first appropriation was made for the foreign aid program. In the deliberations of the deficiency subcommittee in the House which handled this subject, I proposed that we should require that a portion of the counterpart funds should be made available for expenditure by the United States, on the theory that when we had domestic aid programs, when we had the WPA and the PWA, we always required that the recipient community, town, or public agency put up a sponsor's contribution.

So I suggested at that time that we require that 10 percent of the counterpart funds be made available for expenditure for the purposes of the United States. There was some objection to it at the time. I think I first suggested 20 percent. When the bill was reported to the House, the figure was 10 percent. The result of the conference was a figure of 5 percent. I recall that in those days we were jealous as to the purposes for which counterpart funds were to be used. We regarded them as an asset of the United States, purchased by tax dollars spent for assistance given to other countries.

Have we become so callous and so indifferent to the use of assets of the United States that we are now going to say that \$710 million worth of counterpart funds may be used by the recipient nations for other purposes, agreed to by the United States, which are consistent with the foreign policy of the United States, without spelling out the standards or providing some guide lines to indicate the purpose for which those funds are to be used? I wonder if Members of the Senate really realize just what is involved.

It is not merely \$400 million. In Austria they have a billion units of shillings, worth \$41 million. I will leave off the odd dollars. In Belgium and Luxembourg, \$405,000 worth of francs. In France, \$402,000 worth of francs. In Ireland, \$10,082,000 worth of pounds. In Italy, \$82,295,000 worth of lira. In the Netherlands, \$2,350,000 worth of guilders. In Norway, \$97,000 worth. In Portugal, \$665,000 worth. In the United Kingdom, \$552,000 worth. Those are countries not currently receiving economic assistance. The total is \$138 million worth of counterpart funds, which under the language in the bill would be available for purposes other than those spelled out in mutual-aid legislation to this date. The money will be available for other purposes—agreed to by the United States, to be sure—consistent with the foreign policy of the United States.

If Members of the Senate have any imagination at all, they will realize that

the other purposes agreed to by the United States will be some purposes that some clerk in the State Department or in the mutual-security office suggests or finds are consistent with the general foreign policy of the United States.

The \$138 million is not the total story. There is \$572 worth of counterpart funds in other countries. Let me review that list.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. CASE of South Dakota. Here are some of the other countries in which the idea of someone in the State Department or someone in the MSA will determine the expenditure of funds created by taxpayer dollars. In Greece—

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

Mr. CASE of South Dakota. I yield.

Mr. ERVIN. I should like to ask the Senator if I am correct in my understanding that these counterpart funds originate from shipments of surplus farm crops which the Government of the United States originally purchased.

Mr. CASE of South Dakota. In some instances, but not wholly. These counterpart funds would not be limited to funds obtained by the sale of surplus agricultural commodities. These counterpart funds would be funds obtained by giving economic assistance or military assistance to some country which put up counterpart funds in its own currency.

Mr. ERVIN. In other words, they are, in effect, a gift obtained from the American people, from the United States, given to those nations, primarily for the purpose of enabling them to develop economic improvements. Is that correct?

Mr. CASE of South Dakota. This would be the second gift. In the first place, we made available assistance in terms of dollars or materials. Then again, under this language, we would be able to give them back to the countries for whatever purpose might be agreed upon by the representative of the United States if found consistent with our general foreign policy.

Mr. ERVIN. Am I to understand that the excuse which was made for the inclusion of the language in the bill, which would permit what is really a diversion of counterpart funds from the original purposes, is that it would be desirable to authorize the State Department to enter into agreements with Austria whereby the present Austrian Government would pay claims against the defunct Nazi Austrian government filed by persons who had been placed in concentration camps in Austria while it was under Nazi rule?

Mr. CASE of South Dakota. Apparently that would be possible.

Mr. ERVIN. In other words, in the long run it would mean that we would ask to release these counterpart funds from their original purpose upon the pretext that the money would be used to pay claims, aggregating \$4 million, to victims of the previous Nazi Government of Austria; in other words, that the sins of the Nazis would now be saddled upon the American taxpayers indirectly?

Mr. CASE of South Dakota. Yes. The case for that is made upon the \$4 million item. However, I ask Senators to listen to some of the other places where this money might be used. Through the years we have developed specific uses for counterpart funds. They have been used for building and the maintenance of embassies, the purchase of strategic materials, and so forth; but if the funds have not been spent for that purpose, under the language of the bill they could be used for other purposes. Let me read the proviso in the bill:

Provided, That if amounts in such remainder exceed the requirements of such programs—

That is, if the amount exceeds the requirements of authorized programs such as the use of the counterpart funds for the payment of State Department expenses, in connection with embassies, for example, or for the procurement of raw materials—

the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States.

What purposes? Purposes agreed to by the United States. Which means that some representative or clerk could make the determination. Purposes which are "consistent with the foreign policy of the United States."

Let me read some of these figures. Yugoslavia, \$13,680,000 worth of dinars, to be used for such purposes as some clerk in MSA or the State Department might determine was consistent with the foreign policy of the United States. In Vietnam, \$38 million worth. In Turkey, \$21 million worth. In Thailand, \$19 million worth. In Spain, \$25 million worth.

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

Mr. CASE of South Dakota. In the Philippines, \$4 million worth. In Pakistan, \$64 million worth. In Laos, \$611,000 worth. In Korea, \$108,770,000 worth. In Jordan, \$1,849 worth. In Iran, \$5,200,000 worth. In Indonesia, \$13,347,000 worth. In Iceland, \$11,811,000 worth. In Haiti, \$250,000 worth. In Greece, \$122,678,000 worth.

What reason is there for giving some employee of the MSA or the State Department the right to determine the purposes for which \$122 million worth of Greek money shall be spent if it is found to be consistent with the foreign policy of the United States, and taking the determination away from Congress and its Appropriations Committees?

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

Mr. CASE of South Dakota. I yield.

Mr. ANDERSON. Does the Senator know of any similar situation where the employees of this agency have the right to spend \$100 million without reference to Congress?

Mr. CASE of South Dakota. No.

Mr. ANDERSON. Does the Senator know of any other group that can spend over \$100 million under such general language as is contained in the bill, without reference to Congress?

Mr. CASE of South Dakota. No. When we have had emergency funds to

expend, we have at least put them in the hands of the President, and we have asked that the President make the determination or finding.

Mr. ANDERSON. This money is not being placed in the hands of the President?

Mr. CASE of South Dakota. No. It is to be spent for purposes agreed to by the United States, consistent with the foreign policy of the United States.

Mr. ANDERSON. Would it have to be referred to Congress?

Mr. CASE of South Dakota. Nothing in the provision says that.

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

Mr. CASE of South Dakota. I shall yield as soon as I have read the remaining figures.

Mr. JAVITS. Will the Senator yield to me, inasmuch as the whole picture has been distorted? Why does not the Senator yield to me?

Mr. CASE of South Dakota. I shall be glad to yield after I have read four more lines.

In Germany, \$18 million worth. In China, \$21 million worth. In Cambodia, \$2,488,000 worth.

Now I yield to the Senator from New York.

Mr. JAVITS. Mr. President, will the Senator please tell us—I know he is astute in international matters—what difference he believes exactly and precisely will be created by the amendment over the existing situation in the law today as to the counterpart funds, as he understands it?

Mr. CASE of South Dakota. My understanding is that today the purposes for which counterpart funds may be used in some instances are spelled out. They are for authorized purposes. In this instance it would be for other purposes. They could be used with the sky as the limit, provided the use was consistent with the foreign policy of the United States.

Mr. JAVITS. May I go over that point with the Senator? First, I believe we agree that counterpart funds are not our money; such funds are money which can be spent for certain purposes only with the consent of the benefited country. Is that not correct?

Mr. CASE of South Dakota. Not wholly. The 5 percent of the counterpart funds which were made available for expenditures by the United States can be expended by us without consultation.

I think there has been some amendment to the law since the original provision was enacted. I have not served on the Committee on Foreign Relations or on the Committee on Appropriations for some time. I have not tried to keep informed about all the amendments throughout the years with respect to this matter.

Mr. JAVITS. The amendment does not affect the 5 percent or the 10 percent, does it? It very clearly says after all other purposes for which counterpart funds can be used have been served. So it does not affect the 5 percent or the 10 percent.

Mr. CASE of South Dakota. That is correct.

Mr. JAVITS. Moreover, the amendment does not affect the use of counterpart funds for any other purposes for which the funds can be used under the bill, whether for technical assistance, economic aid, or military assistance. It says so in express terms. So it does not affect whatever may be required or agreed upon to deal with other provisions of the bill. Are we agreed upon that?

Mr. CASE of South Dakota. We are agreed on that.

Mr. JAVITS. So the only thing the amendment affects is some indeterminate sum over and above all other requirements which do not belong to us anyway.

Mr. CASE of South Dakota. I do not agree to that.

Mr. JAVITS. Will the Senator say why?

Mr. CASE of South Dakota. Because in the basic provision with respect to the counterpart funds there was a clause, if my memory is correct, to the effect that Congress was to agree upon the purposes for which the funds might be spent. Here, in one blank check, we are turning over to an employee somewhere in the Government the determination of what those other purposes may be. There is no definition or delineation.

If there is \$710 million worth of counterpart funds which cannot be expended for the purposes which have been agreed upon, then I say that Congress should take those funds into consideration, and have hearings held, and determine appropriate purposes for the expenditure of those funds. The determination of the purposes should not be left to some employee in the executive branch of the Government, about whom we do not know anything or at what level the determination may be made.

Mr. JAVITS. The Senator from South Dakota has been referring to a figure of \$700 million. The \$710 million is the whole counterpart package, and it is necessary to deduct from that at 10 percent, plus the funds for counterpart use and other purposes under the act. So the amount is not \$710 million, is it? It must be some very much smaller sum.

Mr. CASE of South Dakota. I sought to identify the sheet and the character of it by the Senator from Louisiana when he handed it to me. This is the balance as of December 31, 1957. At least, that is what it says. It says how much of the \$710 million may be in the 10-percent fund or how much may be expended for some purposes within the authorized purposes. In any event, it was the balance as of December 31, 1957, in the special counterpart account.

Mr. JAVITS. Will the Senator then say that we have \$8 billion, as I understand it, in the pipeline for mutual security, and we are appropriating another \$3 billion now, or we will under this particular authorization? That is around \$11 billion. That is not counterpart money; that is hard American money.

Does the Senator from South Dakota say that when we used the words "the

United States" in this particular revision, the expenditures will be made irresponsibly by some eighth-grade clerk; but that the \$11 billion can be safely entrusted to the President himself, or to some very high official of the Government with the President's approval? Is that the Senator's argument?

Mr. CASE of South Dakota. No. My argument is that the Senator has made the case a little worse. The Senator has pointed out that there will be \$11 billion more to generate counterpart funds. If there is already this much of a balance left, and we are going to generate additional counterpart funds, then I say that if there is already a surplus of counterpart funds, there will be a greater surplus when the new authorization has been expended. That is all the more reason why Congress should address itself to this balance and determine the purposes for which it shall be used.

Mr. JAVITS. The Senator made a statement about the sum of \$11 billion. It is a fact that military aid money does not generate any counterpart funds, and that today very little of what is expended under the whole foreign aid program generates counterpart funds. This is all a heritage of other days, when counterpart was generated in very large part.

Mr. CASE of South Dakota. If the Senator from New York wants to break down the \$11 billion, to determine how much it will generate in counterpart funds, let us take that figure. But the Senator from New York pointed out that there is \$11 billion more in the pipeline or about to be authorized, and out of that grant there will be \$11 billion of counterpart funds generated. Out of that, there will be some surplus.

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

Mr. CASE of South Dakota. I yield.

Mr. YOUNG. Under the average arrangement made with foreign countries with respect to Public Law 480, the United States reserves from 20 to 30 percent for United States use. We are authorizing more and more Public Law 480 funds, so more and more counterpart funds will be generated.

I think it is absurd to leave to some Government official the discretion of spending hundreds of millions of dollars. We are continuing to build up these funds more and more.

Mr. CASE of South Dakota. I think that is a good point. We are getting more counterpart funds all the time. We ought to look upon them as an asset. When we had under consideration an extension of Public Law 480, I proposed an amendment to create a special trust fund in the Treasury into which the counterpart funds would be placed, to make them subject to direct appropriation, so that Congress could review the purposes. But here it is proposed that Congress will not review them, but will let some clerks review them and determine the purposes for which they shall be spent.

Mr. YOUNG. We are finding more and more uses for counterpart funds in lieu of United States dollars in almost every country. Are we going to use them or spend them willy nilly in the future

or are we going to try and find more uses in lieu of United States dollars in the future? This open-door provision is one of the reasons why I stopped voting for the foreign-aid program. It is getting wilder and crazier every day.

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

Mr. CASE of South Dakota. I yield.

Mr. CAPEHART. I think that what the able Senators are objecting to is a matter which has already been settled and handled by Congress by virtue of existing laws. Of the counterpart funds, the United States reserves 10 percent. The balance of such funds belongs to the countries in which they are generated. Those countries have the right to spend the funds in any way they see fit. But the United States Government reserves the right to veto the way in which the foreign countries spend those funds.

If we are to do what the able Senators are talking about, we should have made such a provision in the act many years ago. This particular amendment does not change anything at all, except that this is a case in which Congress is asked to pass upon a specific expenditure which is not an expenditure. It is a loan. We will loan the money to the Austrian Government. The Austrian Government will pay it back.

In this case, what is objected to is something which the committee covered by writing it into the law.

At this time, of all the funds the Senator named in the respective countries, the United States owns 10 percent of the total amount. Nevertheless, under the existing law the unseen clerks whom the Senator is talking about have the right to say for what purpose the money shall be spent. If the Senator wants to change that provision, he will have to change the existing law.

In this case the committee specifically said that there is X amount of counterpart funds in Austria which is not needed by the Austrian Government. They have no heed for it; they have no way to spend it. They have asked that it be spent for a specific purpose at the present time, and they will repay the fund at a later specified date.

So what the Senator is complaining about is covered in the law.

Mr. CASE of South Dakota. Perhaps the Senator from Indiana can point out to me where that has been limited in the report. Can the Senator point out where the \$400 million for the Austrians is limited?

Mr. CAPEHART. What does the Senator mean by "limited"?

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

Mr. CASE of South Dakota. I yield.

Mr. ANDERSON. Does the Senator find any language in the bill which either limits the fund to Austria, limits it to \$400 million, or limits it to repayment?

Mr. CASE of South Dakota. No; but I think perhaps the Senator from Indiana might be able to point out where it is limited.

Mr. ANDERSON. I shall be happy to hear him say so.

Mr. CAPEHART. Page 11 of the report covers it.

Mr. CASE of South Dakota. Yes. Will the Senator read it carefully? Read the third clause of the first paragraph. Do not overlook that.

Mr. CAPEHART. It provides:

Section 142 (b) of the act, which deals with the generation of foreign currency counterpart funds, provides that a portion of these funds, generally up to 10 percent, shall be made available to the United States for its uses and that the remainder will be used for programs agreed upon by the United States and the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

Next, I read the following from the report:

Section 5 of the bill adds a proviso to this requirement permitting the use of counterpart for other purposes agreed to by the United States and consistent with United States foreign policy, if the amount of counterpart exceeds the requirements for purposes for which new funds would be available.

The amendment covers that. We are specifically designating that they have the right to use this amount.

Mr. CASE of South Dakota. That is the clause which I wanted the Senator from Indiana to emphasize.

Mr. CAPEHART. I read further from page 11 of the report.

Although of general application, this amendment is designed in particular to make it possible for the Austrian Government to lend 100 million counterpart Austrian schillings, (approximately \$4 million) to the Austrian Hilsfand for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria.

The Hilsfand was established for this precise purpose by the Austrian Government. So far, about 30,000 claims have been filed, and certified by the Austrian Government for payment, mostly in amounts equivalent to \$1,000 or \$2,000 and largely by persons over 60 years of age. The Austrian Government feels its budgetary situation permits payment of only about one-fourth of the claims this year. Although Austrian law now requires all of the claims to be paid eventually, it is desirable that the process be hastened in view of the advanced age of the claimants.

The Austrian counterpart fund exceeds the requirements for purposes for which new mutual security funds would be available, and therefore qualifies under the proviso written into the act by the committee. Without the proviso, however, counterpart could not be used for the Hilsfand, because new mutual security funds would not themselves be available for this purpose.

It is intended that the counterpart be furnished the Hilsfand on a loan basis, so that eventually the counterpart account will be replenished.

Mr. CASE of South Dakota. The Senator from Indiana has read from the committee report the portion which says that counterpart funds today can be used—and in that connection I call attention to the first paragraph—

For programs agreed on by the United States and the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

That is what counterpart funds can be used for today. Ten percent of them is set aside for the use of the United

States. The balance of the counterpart funds today can be used for the purposes authorized by the act for the money we appropriate.

However, now section 5 adds a proviso which would permit the use of counterpart funds for other purposes—that is, purposes other than the purposes set forth in the mutual aid acts; in other words, for purposes other than military assistance and other than defense support and other than economic assistance.

What are those purposes? Who can tell? Only one purpose has been set forth here tonight, namely, in the case of \$4 million for Austria.

A little while ago the Senator from Indiana was suggesting that there was some limitation in this case, and that all the bill did was take care of the Austrian situation. But he has read paragraph 3 on page 11 of the report, which begins as follows:

Although of general application, this amendment is designed in particular to make it possible for the Austrian government—

And so forth. But that paragraph begins with the words "Although of general application"—in other words, for any purpose.

What Member of this body can imagine the uses for these funds that might be conceived of or imagined by some person in the executive branch. Over a course of years the mutual aid program has been expanded, and there have been new purposes and new countries and new areas, all in connection with expanding the program. All those new ones have been brought in; but they do not cover all the purposes for which these excess funds may be used. They may also be used for other purposes, purposes for which the new funds authorized by this act would not be available. In other words, they may be used for some unimagined purpose, some purpose the committee has never considered, other than in the one instance of the \$4 million, of a possible total of \$400 million, for Austria, and of a possible \$710 million for other countries throughout the world.

Mr. CAPEHART. But the report states, in part:

Section 5 of the bill adds a proviso to this requirement permitting the use of counterpart for other purposes agreed to by the United States and consistent with United States foreign policy—

And so forth. That is the way we are now spending counterpart funds, under existing law.

Mr. CASE of South Dakota. No; we are not, because the purposes for which counterpart funds today may be used are those for which direct appropriations can be made.

In the paragraph just ahead of that one—I refer to the first paragraph the Senator from Indiana read—on page 11—it is pointed out that the remainder of the counterpart funds, other than the 10 percent, is available for use for programs agreed on by our country and by the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

Mr. CAPEHART. The Senator from South Dakota is correct, except here we are talking about funds the Austrian Government owns and controls, but cannot spend, except with the approval of the United States. We are not talking about the 10 percent the United States reserves.

Mr. CASE of South Dakota. But we are talking about not merely the \$4 million out of the \$410 million Austria has; we are also talking about \$710 million worth of funds scattered among all the other countries I have mentioned.

Mr. WILLIAMS. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE of South Dakota. I yield.

Mr. WILLIAMS. The Senator from Indiana has stated that this is limited to Austria alone. But I point out that section 705 has no such limitation. Therefore, when we vote, we shall vote on the provisions of the bill, not on the report.

Mr. CASE of South Dakota. But even the report does not say it is limited to Austria.

Mr. WILLIAMS. That is correct. Austria is, in this case, only one of the many.

Mr. CASE of South Dakota. Furthermore, the third paragraph to which I have referred begins with the words "Although of general application."

Mr. WILLIAMS. That is correct. Therefore, there is no limit.

Mr. ANDERSON. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE of South Dakota. I yield.

Mr. ANDERSON. Let me point out that not long ago we passed a piece of proposed legislation that the Finance Committee had considered very carefully, and the Senator from Delaware had worked on it. We adopted language which was agreed to by everyone as being proper to accomplish the specific purpose; and the bill was passed. But then the agency administering it said, "We do not believe this should have been the purpose of the legislation."

So even though the report may contain limiting language—although I do not believe the report limits this in any way—I do not believe we can depend on it to limit the way in which this provision will be carried out.

Mr. CASE of South Dakota. Yes.

The report says, in effect, "The Austrians can be taken care of by means of the \$4 million which has been earmarked for that purpose; to that extent, and to that extent only, the Austrians can be taken care of."

Mr. CAPEHART. But the funds involved here are not the 10-percent owned by the United States. Instead, they are the counterpart funds which are owned by the respective countries—funds over which the United States has absolutely no control, except it can veto the purpose for which the other countries may wish to spend the money.

The Austrian Government wishes to spend \$4 million for the purpose set forth in this instance; but those are counterpart funds of the Austrian Government, over which we have no control,

Mr. CASE of South Dakota. If it were limited to the Austrian Government's counterpart funds, I would not say another word about this matter.

Mr. HUMPHREY. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE of South Dakota. I yield.
Mr. HUMPHREY. I believe the Senator from South Dakota has been of very great assistance to the Senate. I, too, am very much disturbed about this provision. I have said this before publicly, and also privately to some of my colleagues.

I wonder whether there could be included a proviso to the effect that whenever there is an agreement as to the use of these funds, other than in the case of the funds which have been the subject of recent agreements, there will be a period of time in which a report must be made to the respective congressional committees, in the same way that similar reports are made in regard to atomic-energy projects and in regard to water projects in connection with agriculture.

I believe the Senator from South Dakota is concerned lest someone in the State Department proceed, without paying any attention to the expressed wishes and stated plans of the Congress, to designate the use of these funds without any control whatever by Congress or without any review by Congress, or without any opportunity on the part of Congress to evaluate the purpose and to decide whether it is a constructive one.

So, if we add a proviso which will require that before any such agreement is consummated, a period of time of, let us say, 30 days must elapse, during which the State Department must report to the Appropriations Committees of the Senate and the House of Representatives, for their review, that will give us an opportunity even further to tighten up this provision in the conference committee, if there is any need to do so.

Mr. CASE of South Dakota. Personally, I think that would be a great improvement. I do not know whether the Senator wants to say 30 days, or perhaps 60 days, but, in any event, a reasonable time so the committee—and I would suggest the Committee on Foreign Relations as well as the Committee on Appropriations—can receive a report as to the purposes for which the money is to be spent, so that there will be some opportunity for Congress to express itself.

Mr. HUMPHREY. I think 60 days would be desirable, and would give plenty of time to have a proper study and review, and would not hold up the paperwork which would be involved. I think the suggestion of the Senator from South Dakota that there be a review by both the authorization committee as well as the Appropriations Committee is a desirable one.

I have suggested to the staff member, in consultation with the distinguished Senator from New Hampshire and the distinguished Senator from New York, that we ought to try to draft a provision which would accomplish the purpose which the Senator from South Dakota has outlined. As I see it, what the Senator wants to do is not to prevent the

use of the funds, but so to provide for their use that we shall know what they are going to be used for and that they will be used sensibly.

Mr. CASE of South Dakota. That is right, and so we shall be assured that the funds will not be squandered or used for a purpose which Congress has not approved.

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

Mr. CASE of South Dakota. I yield.

Mr. BUSH. Would not this amendment to the pending amendment meet the situation? It would be as follows:

On page 35, line 10, after the word "amounts" insert the words "not in excess of \$4,000,000."

In view of the way the report reads, these funds are pinpointed for a special situation, which has been outlined by the distinguished Senator from New York [Mr. JAVITS]. Inasmuch as the committee has pinpointed the situation, it is perfectly proper for the bill to limit the amount. If the Senator will permit me, I should like to send to the desk this amendment, provided he has completed his statement.

Mr. CASE of South Dakota. I think the amendment would improve the proviso in the bill substantially. It would take care of the immediate situation. However, I think there is merit in the suggestion of the Senator from Minnesota that it be possible to use the funds for other purposes, provided they have the approval of the appropriate committees.

The PRESIDING OFFICER. The Chair should like to inquire whether the Senator from Connecticut has offered the amendment or desires to offer the amendment?

Mr. BUSH. Mr. President, I do not have the floor. I send the amendment to the desk. I shall call it up after the Senator has completed his remarks.

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

Mr. CASE of South Dakota. I yield.

Mr. DWORSHAK. I think the Senator from South Dakota and the Senator from Louisiana have rendered outstanding service in calling this rather dubious and questionable procedure to the attention of the Senate. However, I do not think we ought to proceed to remedy the apparent ambiguity, because a few moments ago the chairman of the committee chided Members of this body, who were not members of the Foreign Relations Committee, for trying to write legislation on the floor of the Senate. If in the wisdom—and I do not question the wisdom—of the great Committee on Foreign Relations, it reported the bill in good faith and as a result of its sound judgment, as it viewed the bill, I question whether we should make an effort to correct it on the floor.

Does the Senator from South Dakota agree with me that there has been a glaring deficiency, if not perhaps unintentional deception, in the presentation of the report explaining this particular procedure in the handling of counterpart funds? The only wise procedure is to reject this particular provision, send it back to committee, and let the com-

mittee give it further consideration, instead of jeopardizing the enactment of this legislation. Does the Senator from South Dakota agree with that conclusion?

Mr. CASE of South Dakota. Not quite, because I do not think there was any intended deception. There may have been a failure to point out all the implications of the proviso given in section 5, but I do not think there was deception. In fact the committee report did use the words "although of general application," and that should put us on guard that the possible use of the counterpart funds under the proviso was not limited to the Austrian case.

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

Mr. CASE of South Dakota. I yield.

Mr. ANDERSON. The Senator from South Dakota is a very fine parliamentarian. I wonder how he would apply the amendment which has been suggested by the distinguished Senator from Connecticut to an amendment which strikes the whole section. Does the Senator mean the amendment should be offered as a substitute?

Mr. CASE of South Dakota. No. It would be a perfecting amendment, in my judgment, and would be entitled to be voted on before the vote on the amendment which would strike the section.

Mr. ANDERSON. That would be a perfecting amendment to an amendment.

Mr. CASE of South Dakota. The Senator from South Dakota was advised that the original amendment was being considered as original text for the purpose of amendment. Therefore, a motion to perfect an amendment to a paragraph it is proposed to strike out would take precedence.

Mr. ANDERSON. Does not the limitation suggested by the distinguished Senator from Connecticut allow \$4 million to be available to every nation and any nation, rather than a specific amount?

Mr. CASE of South Dakota. I think it would. But in the light of the committee report, it would be so earmarked that it would be followed by the MSA.

Mr. ANDERSON. It could very easily be taken care of by inserting a comma after the language in the quotation marks, and putting in a proviso limiting the total amount to all nations to \$4 million.

Mr. BUSH. I did have it that way, but either way accomplishes the purpose. I shall be glad to change it if the Senator from New Mexico wants it that way. In either case it is a limitation, in view of what the report says that the money is pinpointed for a specific purpose. That is what the committee put in the bill. Let us limit it and pinpoint it and go ahead and vote on it.

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

Mr. CASE of South Dakota. I yield.

Mr. CURTIS. To whom do these counterpart funds belong?

Mr. CASE of South Dakota. A portion of them belongs to the United States. The balance of the funds remains in the possession of the recipient country, but

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may be expended only with the approval of the United States.

Mr. CURTIS. How much belongs to the United States?

Mr. CASE of South Dakota. Ten percent, at least.

Mr. CURTIS. How much does that amount to?

Mr. CASE of South Dakota. I do not know whether the particular balance sheet we have represents the portion after the 10 percent has been taken into consideration. I suppose we would have to go back to the original amount.

Mr. CURTIS. Approximately how much belongs to the Government?

Mr. CASE of South Dakota. If we could assume that the \$710 million is the amount of the counterpart funds, without the subtraction of 10 percent, which would be \$71 million, it would be \$710 million less \$71 million.

Mr. CURTIS. But the \$71 million or thereabouts belongs to the United States?

Mr. CASE of South Dakota. Yes.

Mr. CURTIS. Is that a part of the assets of the Treasury?

Mr. CASE of South Dakota. I think it is, but, in effect, it has been appropriated by prior acts, in that the 10 percent has been made available for expenditure by our embassies.

Mr. CURTIS. But it is part of the assets of the Treasury?

Mr. CASE of South Dakota. It certainly is. It can be expended only by the Treasury of the United States.

Mr. CURTIS. According to the bill as written, assuming it is passed, can the money be spent without an appropriation?

Mr. CASE of South Dakota. I think it can, but that opinion is based on the recollection that the authorization of the expenditure of 10 percent of the counterpart funds is carried in prior MSA acts.

Mr. CURTIS. The Constitution is quite specific on that point. It provides that no money shall be drawn from the Treasury except in consequence of appropriations made by law. Because of the fact that away back in some previous year an appropriation was made, and by reason of that appropriation certain other transactions took place and money again flows to the Treasury, certainly the distinguished Senator from South Dakota does not take the position that the earlier appropriation grants authority to continue to spend that money without appropriation.

Mr. CASE of South Dakota. The Senator from South Dakota perhaps would like to take the position which the Senator from Nebraska suggests, but he does not believe he could, for this reason: The basic foreign-aid acts authorize appropriations to be made for certain purposes, and within that authorization there was the proviso for the 10-percent counterpart funds which would be expendable for certain purposes. Such action, in itself constituted an appropriation resolution.

Mr. CURTIS. That is an authorization.

Mr. CASE of South Dakota. No. I think that action under the interpreta-

tions of the House of Representatives, at least, would constitute a continuing appropriation of the 10 percent.

Mr. CURTIS. I would seriously question, if it is an asset of the Treasury, that it can be spent without being appropriated.

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

Mr. CASE of South Dakota. I yield.

Mr. YOUNG. The usual arrangement in respect to Public Law 480 funds is that 20 or 30 percent is set aside for United States use, with the rest of the funds loaned to the respective countries. The funds are not given to the other country, but remain an asset of the United States Government.

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

Mr. CASE of South Dakota. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I think it is very important that we do not misguide the Record about counterpart funds, about who owns them, and about how much in foreign currencies is owned by the United States.

Public Law 480 funds are foreign currencies generated from the sale of surplus commodities, and those currencies are owned specifically and entirely by the United States.

Mr. CASE of South Dakota. The Senator is correct.

Mr. HUMPHREY. Those currencies may be loaned under agreements. However, the counterpart funds are funds 10 percent of which are owned by the United States and 90 percent of which are owned by the other country; that is, the partner country or the recipient country.

Mr. CASE of South Dakota. The funds are owned subject to an expenditure by agreement.

Mr. HUMPHREY. The funds are owned subject to our agreement as to their expenditure.

In the instance of Austria, we are talking about funds which are Austrian funds, to the expenditure of which we must agree.

We are not talking about American funds, but we are talking about Austrian funds. Under the nature of our agreements with Austria, because of former economic assistance, we have some control over expenditures.

I am not saying that the Senator from South Dakota is not making a very valid argument in terms of programing funds over which we have control, but the Senator is not talking about money owned by the United States.

Mr. CASE of South Dakota. Mr. President, I yield the floor.

Mr. BUSH. Mr. President—

The PRESIDING OFFICER. The Senator from South Dakota has yielded the floor. The Chair recognizes the Senator from Connecticut.

Mr. BUSH. Mr. President, I call up the amendment I previously sent to the desk.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 35, line 10, after the word "amounts" it is

proposed to insert "not in excess of \$4,000,000."

Mr. BUSH. Mr. President, the whole purpose of the amendment is to do what the committee intended to do, namely, to provide a limitation of \$4 million. The committee report states the purpose for which the money is to be used. There is nothing more to say about it, so far as I am concerned.

SEVERAL SENATORS. Vote! Vote! Vote!
Mr. BUSH. I hope the Senate will adopt the limitation and agree to the amendment.

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

Mr. BUSH. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I should like to express my gratitude to all of my colleagues for helping clarify this matter for the people who really deserve this help. My purpose is very limited, as I stated quite clearly.

Mr. DWORSHAK. Mr. President, I certainly hope that we shall have some assurance from the chairman of the committee or members of the Committee on Foreign Relations as to whether this amendment receives their approbation. I would not want the Senate to adopt an amendment unless the amendment has such approval.

Does the Senator from Connecticut have such assurance?

Mr. BUSH. I have no assurance, but I think the vote will tell the story. With the amendment in the bill I have no doubt that the bill will go to conference and be straightened out in a manner satisfactory to all concerned.

Mr. GREEN. Mr. President, I think this debate has been very profitable. We are considering an exception to the general rule that we ought not write legislation on the floor of the Senate. I think this is a good exception. The limitation of \$4 million is a good limitation. We can postpone action on other aspects of the matter to some other time and some other place.

I accept the amendment to limit the amount to \$4 million, and provide for its disposition.

The PRESIDING OFFICER. The Chair is advised that the perfecting amendment offered by the Senator from Connecticut [Mr. BUSH] must be voted on prior to the vote on the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER. A point of order, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. ELLENDER. My amendment is pending, Mr. President. What right does the Senator from Rhode Island have to accept an amendment, when there is pending an amendment I offered?

The PRESIDING OFFICER. The Chair is advised that the amendment offered by the Senator from Connecticut [Mr. BUSH] is intended to perfect the language which the amendment offered by the Senator from Louisiana proposes to strike. Therefore, it is proper to proceed first to the consideration of the perfecting amendment.

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Mr. ELLENDER. Certainly.
Mr. MORSE. Mr. President—
The PRESIDING OFFICER. The Senator from Oregon.

Mr. MORSE. I think it should be said for the Record that the Senator from Connecticut is carrying out what was the original intention and desire of the Committee on Foreign Relations. I think I have heard no one say it, and there should be a statement as to why we did not write such language into the bill. My recollection is that the reason the committee did not write the language in the bill was a recommendation of the State Department itself. The Department preferred the more general language, because it was thought if it were specified, it might establish an undesirable precedent and might invite in the future other specific instances of this type.

I think we have learned a good lesson. Some of us thought we should have kept the limitation in the bill in the first place. The amendment now offered by the Senator from Connecticut will put the Committee on Foreign Relations in the position where at least most of us thought we ought to be in the beginning.

The PRESIDING OFFICER. The Senator will suspend for a moment.

At this time the Chair wishes to advise the Senate, apropos of the inquiry made by the Senator from Louisiana, that the last paragraph on page 28 of Senate Procedure reads as follows:

Pending a motion to strike out, an amendment perfecting the part proposed to be stricken out, or an amendment inserting other language in lieu of that proposed to be stricken out, is in order and has precedence over the motion to strike out.

Mr. LAUSCHE. Mr. President—
The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. LAUSCHE. Mr. President, I hope my colleagues will consider the significance of the implication contained in the statement made by the Senator from Oregon. The committee, when it wrote the bill, chose general language because it feared, if it pinpointed the \$4 million payment authorized, a precedent would be established, bringing a deluge of similar claims. The purpose in using general language—which procedure was suggested, as has been said, by the State Department—was to conceal the fact that \$4 million of the money was to be used to pay persons who were injured by the Nazi government in the Second World War.

When the State Department made that proposal, it undoubtedly had in mind that if it became generally known this were to be done many demands would be made of a similar character. What the committee feared to do we proceed now to announce to the world. We are to pay claims which justly existed against the Nazis for damages inflicted upon citizens within some other country.

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

Mr. LAUSCHE. My question is: What will the deluge be?

I yield to the Senator from Connecticut.

Mr. BUSH. Does not the Senator think the amendment which would limit the whole amount to \$4 million answers the question the Senator is propounding?

Mr. LAUSCHE. The point I am trying to make is that according to the Senator from Oregon the State Department said, "Do not mention the \$4 million; write this in as general language in the bill."

Mr. BUSH. If the Senator will yield further, I should like to point out that in the report, which is already a public document, the whole purpose is spelled out in great detail.

Mr. LAUSCHE. Then I ask the Senator from Connecticut: Why was it not originally written into the bill, if the reason is not in accordance with what the Senator from Oregon has said?

Mr. CASE of South Dakota. Mr. President, will the Senator permit me to answer that question?

Mr. LAUSCHE. I yield.

Mr. CASE of South Dakota. In my opinion, it would give the State Department a blank check to spend it all.

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

Mr. LAUSCHE. I yield.

Mr. ANDERSON. Is not the present situation a good illustration of the old quotation—

Oh, what a tangled web we weave
When first we practice to deceive.

Mr. LAUSCHE. One further thought and I shall be through. This is the first revelation of the problems which confront the Congress as these counterpart funds accumulate. Eyes will be directed toward those funds. Means will be adopted to reach them. The committee, recognizing that fact, used general language instead of specific language.

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

Mr. LAUSCHE. I yield.

Mr. ERVIN. I should like to ask the distinguished Senator from Ohio if he can think of any reason why counterpart funds should be used to compensate the victims of the Nazis in the Second World War, and not used to compensate the victims of the Japanese in the Second World War.

Mr. LAUSCHE. I think the question answers itself.

Mr. President, I believe that this question is of such significance that it ought not to be legislated upon on the floor of the Senate tonight.

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

Mr. LAUSCHE. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I do not believe the committee intended to practice any deceit. If Senators will refer to page 11 of the report of the committee, it will be seen that the report fully sets forth just what was intended.

I invite attention to the fact that this provision relates only to that portion of counterpart funds over and above other purposes for which the funds could be available. That, too, is set out in the committee report.

Mr. LAUSCHE. Let me correct the Senator from Alabama. I made no statement on this subject until a member of the committee stated that, at the suggestion of the State Department, it was deemed advisable not to mention the \$4 million in the bill. That is the basis upon which I say that there was a fear to reveal what was happening.

Mr. SPARKMAN. The only thing I am trying to say is that the report of the committee, on page 11, states the situation clearly. If the Senator will take time to read it, he will certainly see that a full explanation was given.

The distinguished Senator from Ohio served as Governor of his State for a good many years. He knows that often legislation affecting only 1 county, 1 city, or 1 particular subject, is enacted as general legislation. That happens to be what was done in this instance. The provision was written in the form of general legislation, but it had specific application, and that specific application was set forth fully, clearly, and I believe distinctly, on page 11 of the committee report. Therefore, I say that the committee is not trying to conceal anything. It is not trying to deceive. I believe it has made a full and open disclosure. The only question is whether or not we wish to apply this form of compensation.

Mr. SPARKMAN subsequently said: Mr. President, I ask unanimous consent that, in connection with the remarks I made a few moments ago relating to this subject, there be printed as a part of those remarks the entire section 8, found on page 11 of the committee report; also that there be printed a paragraph beginning on page 15 of what was at the time confidential information before the committee in the form of a report which the committee had before it, and continuing to page 17, setting forth the position of the executive branch on the so-called Javits amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

Mr. CASE of South Dakota. Mr. President, reserving the right to object—and I do not intend to object—I merely wish to observe that when the question of deception was raised earlier on the floor I specifically denied that there was any attempt on the part of anyone to deceive. Also section 8 was placed in the Record by the Senator from Alabama.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

8. USE OF COUNTERPART SPECIAL ACCOUNT
(SEC. 5)

Section 142 (b) of the act, which deals with the generation of foreign currency counterpart funds, provides that a portion of these funds, generally up to 10 percent, shall be made available to the United States for its uses and that the remainder will be used for programs agreed on by the United States and the country concerned to carry out the purposes for which new funds authorized by the act would themselves be available.

Section 5 of the bill adds a proviso to this requirement permitting the use of counterpart for other purposes agreed to be the

United States and consistent with United States foreign policy, if the amount of counterpart exceeds the requirements for purposes for which new funds would be available.

Although of general application, this amendment is designed in particular to make it possible for the Austrian Government to lend 100 million counterpart Austrian schillings (approximately \$4 million) to the Austrian Hillsland for use in compensating former Austrian nationals who were persecuted under the Nazi regime and are now residing outside Austria.

The Hillsland was established for this precise purpose by the Austrian Government. So far, about 30,000 claims have been filed, and certified by the Austrian Government for payment, mostly in amounts equivalent to one or two thousand dollars and largely by persons over 60 years of age. The Austrian Government feels its budgetary situation permits payment of only about one-fourth of the claims this year. Although Austrian law now requires all of the claims to be paid eventually, it is desirable that the process be hastened in view of the advanced age of the claimants.

The Austrian counterpart fund exceeds the requirements for purposes for which new mutual security funds would be available, and therefore qualifies under the proviso written into the act by the committee. Without the proviso, however, counterpart could not be used for the Hillsland, because new mutual security funds would not themselves be available for this purpose.

It is intended that the counterpart be furnished the Hillsland on a loan basis, so that eventually the counterpart account will be replenished.

EXECUTIVE BRANCH POSITION ON THE FOREGOING JAVITS AMENDMENT

The executive branch favors the use of Austrian counterpart for this purpose. It will, of course, be necessary to obtain the approval of the Austrian Government for this use of counterpart. It is believed, however, that it is undesirable to enact special provisions for special groups of persons, and that it would be preferable to provide more generally that excess counterpart may be used for other purposes which are consistent with the foreign policy of the United States. The executive branch, therefore, recommends the adoption of the proviso at the end of section 142 (b) (iii), indicated by black brackets as follows:

"(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this act would themselves be available [; *Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States]."

Mr. MORSE. Mr. President, I wish to supplement the remarks I made a few moments ago so that the RECORD may be perfectly clear.

I think we need to bear in mind the procedure followed by the Foreign Relations Committee, which I think is common practice among other committees of the Senate, when it comes to consideration of amendments proposed by colleagues in the Senate.

When the Javits amendment came to the Foreign Relations Committee it was sent to the State Department for comment. That is done in the case of all amendments.

The State Department sent back its report. My recollection is that it had no serious objection to the objectives of

the Javits proposal, but it made its suggestion with regard to the use of general language. My recollection is that it was brought out, either in the memorandum or by a staff report, that the State Department thought the general language was preferable, for the reasons which I have heretofore stated.

Then the Senator from New York [Mr. JAVITS] was called before the committee, as I recall. He made a statement in explanation of his amendment. The suggestion was made that the proposal be modified in accordance with the suggestions of the State Department memorandum. I think I am correct when I report that the Senator from New York had no serious objection to the adoption of the language proposed, because he recognized that the objective of his proposal would be met thereby.

One further comment. It was brought out by the Senator from Indiana [Mr. CAPEHART] and 1 or 2 other Senators in this debate, but it ought to be pinpointed now, as we approach a vote, that we reserved the right to exercise what we might describe as a veto power.

The purposes for which counterpart funds can be spent, under the original agreement, are exceedingly broad. We usually think of them in relation to paying for military expenses, defense support expenses, and the like, but they are not limited to those purposes. They cover highways, buildings, and a great many facilities in the country of origin.

What the Austrians are saying is, "We have these old people. They are not going to live much longer. We think we have some money coming. Our fiscal position this year enables us to pay them 25 percent this year out of our own budget; but if you will authorize us to use our own schillings in the counterpart fund, so that we can pay them 100 percent this year, we will repay that loan into the counterpart fund in 4 years."

This amounts, in fact, to our authorizing the Austrians to borrow their own money for a period of 4 years, so that they can pay the entire amount this year. This money is coming back into the fund. We are not giving away the money. This is Austrian money, in the first place. Under those circumstances, I think we ought to say, under our veto power, "Very well; we will approve your proposal, with the understanding that you will pay the money back, and that you are going to use it for this specific purpose. We think the objective is a laudable one, and we will not exercise our veto power in this instance."

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

Mr. MORSE. I am ready to yield the floor, but I yield to the Senator from Alabama.

Mr. SPARKMAN. Is it not true that all the facts which the Senator has pointed out are set forth in the committee report?

Mr. MORSE. The Senator is correct.

Mr. SPARKMAN. In a very understandable manner.

Mr. MORSE. We tried to make that clear on page 11. My colleagues on the Foreign Relations Committee, for whom I have the most affectionate regard; did

not try to deceive the Senate. Perhaps we did not use the King's English as clearly as we should have, but there is nothing in the language that indicates deceit. What we tried to do was to carry out the recommendation of the State Department. In this particular case we thought it made good sense. The Senator from New York made no serious objection to it, so far as I know. That is the story.

Mr. JAVITS. Mr. President, I should like to introduce some material and have it made a part of the RECORD.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the original amendment which was printed as I had proposed it to the committee, and which had application and specifically said it related only to the \$100 million in Austrian schillings deposited in the special account.

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

On page 2, between lines 3 and 4, it is proposed to insert the following:

"Sec. 4. Title I, chapter 4, of the Mutual Security Act of 1954, as amended, is amended by inserting at the end of section 141 (b) a new sentence as follows: 'In addition to the purposes referred to in clause (iii), an amount equal to 100,000,000 Austrian schillings deposited in the Special Account established by the Government of Austria shall be available, pursuant to agreement between such Government and the Government of the United States, for loans to the Austrian Hillsland for its use in making payments to former Austrian nationals who were persecuted and are now residing outside Austria.'"

Renumber sections 4 to 9, inclusive, as 5 to 10, respectively.

Mr. CAPEHART. Mr. President, I think we had better take another look at the Bush amendment, because as it is worded now, I believe the \$4 million will apply to every country which has counterpart funds.

Mr. ELLENDER. That is what I pointed out.

Mr. ANDERSON. Yes; it does apply. It opens the gates.

Mr. CAPEHART. Therefore I believe we would be much better off to leave the amendment as it was reported by the committee, because otherwise it will apply to every country.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that section 5 of the bill, found at page 35, be printed in the RECORD at this point. I call particular attention to the fact that at no point in the bill or in this section is there any reference to the repayment of these funds.

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

Sec. 5. Title I, chapter 4, of the Mutual Security Act of 1954, as amended, which contains general provisions relating to mutual defense assistance, is amended by inserting before the period at the end of section 142 (b) (iii), relating to the special foreign currency account, a colon and the following: "*Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut, as a perfecting amendment. [Putting the question.] The "noes" appear to have it.

Several Senators requested a division. On a division, the amendment was rejected.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. CASE of South Dakota. Mr. President, I offer an amendment, on page 35, line 12 of the bill, to strike out the period and insert a semicolon, and add the following words:

Provided further, That any such proposed utilization of such excess amounts shall be reported to the Committee on Appropriations and the Committee on Foreign Relations of the Senate, and to the Committee on Appropriations and the Committee on Foreign Affairs of the House of Representatives, and that such utilization shall not be effective until 60 days after such reporting.

That is intended to carry out the suggestion of the Senator from Minnesota, to give the committees an opportunity to know what is being done.

Mr. GREEN. I shall be glad to accept the amendment.

SEVERAL SENATORS. Vote! Vote!
 The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. CASE].

The amendment was agreed to.
 Mr. ELLENDER. Mr. President, I call up my amendment 6-4-58-G.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 52, beginning with "\$26,000,000" in line 6, it is proposed to strike out down through line 12 and insert in lieu thereof "\$18,000,000."

Mr. JOHNSON of Texas. Mr. President, may we have the yeas and nays ordered on the final passage of the bill, so that Senators may be informed?

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, the purpose of the amendment is to leave the amount which can be used out of the allegedly vital amounts provided for aid to Korea for so-called essential living quarters and office space and supporting facilities at the present figure of \$18 million. The bill would increase this figure to \$26 million.

I have in the past opposed the use of any of these funds to build houses, to build office space, and the like, for our officials, or the administrators of these funds in the various countries where we operate aid programs.

This Korean housing scheme started out at a level of \$12 million 2 years ago. Last year it was increased to \$18 million. Now our planners want \$26 million.

It will be recalled that we had a great deal of difficulty in Taiwan because many of our workers live in comparative luxury, in much better homes than the native officials. Yet now it is proposed that we use aid money to build offices and homes for those who administer this program throughout the world.

My amendment also strikes from the bill the sum of \$2,750,000 to build office space and homes in Libya, Nigeria, Sudan, Yemen, Taiwan, Laos, and Indonesia as well.

We are going too far. Such proposals as this tend to make the program permanent. Here we are establishing offices for the people who administer the program. All of us hope that the program will be ended in the next 2 or 3 years. However, the taxpayers' money is to be used to build offices and to build swanky homes, I presume, far beyond the kind of houses that are built in the countries where our people work. It strikes me that as long as our employees abroad get extra allowances for hardship they ought to be willing to live in those countries as the other people there live.

As I said, we started out with \$12 million for Korea in 1956. It was increased to \$18 million last year, and now we are being asked to make it \$26 million. Not only that, but we are adding money to build houses and offices in other countries also.

This, again, is a foot in the door. We will be called upon to spend taxpayers' cash to build offices and homes in the hope that the program can be made permanent.

I hope that my amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. GREEN. Mr. President, this amendment would strike out authority to use an additional \$8 million of Korean program funds and \$2,750,000 in other program funds for the construction or acquisition of essential living quarters, office space, and supporting facilities in the countries in question.

Existing law authorizes use of up to \$18 million in Korean program funds for this purpose in Korea. The committee bill raises this limit to \$26 million. The amendment would strike out the increase.

The committee bill, in fact, is designed to do nothing more than to complete a 3-year program which was clearly planned 2 years ago when this authority was first granted. In the meantime, there has been no change in the situation in Korea to warrant a change in the program, and it ought to be completed.

The committee bill also authorizes the use of \$2,750,000 of program funds in other countries for the same kind of facilities. The countries in question are Libya, Nigeria, Sudan, Yemen, Taiwan, Laos, and Indonesia. In many of these countries, programs are just getting underway. In all of them, there is a great shortage of housing, office space, and other facilities such as warehouses. The amendment would also strike out this authority.

The programs planned are not elaborate and are badly needed. The authority in the committee bill does not result in any increase in total costs. The amendment should be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER]. (Putting the question.)

The Chair is in doubt.
 Mr. ELLENDER. I ask for a division.
 The PRESIDING OFFICER. A division is requested.

On a division, the amendment was rejected.

Mr. ELLENDER. Mr. President, I call up my amendments designated "6-5-58-C," "6-5-58-E," "6-5-58-F," and "6-5-58-G." I ask unanimous consent that the amendments not be read, but that they be printed and considered en bloc, because they deal with the same subject.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc; and, without objection, they will be printed in the RECORD.

The amendments of Mr. ELLENDER, considered en bloc, are as follows:

On page 64, line 2, strike out the period and insert the following: "except that none of the funds authorized to be so transferred may be used in or for assistance to any nation of western Europe."

On page 44, line 14, before the period insert the following: "and the following: 'None of the funds authorized by this subsection shall be used in or for assistance to any nation of western Europe.'"

On page 45, at the end of line 2, strike out the period and insert "; and".

On page 45, between lines 2 and 3 insert the following:

"(ii) At the end of the subsection add the following new sentence: 'None of the funds authorized by this subsection shall be used in or for assistance to any nation of western Europe.'"

On page 48, between lines 20 and 21, insert the following:

"(a) Section 501, which relates to transferability of funds, is amended by inserting before the period at the end thereof a comma and the following: 'and except that no such funds shall be transferred for use in or for assistance to any nation of western Europe.'"

Redesignate subsections (a) to (d), inclusive, as (b) to (e), respectively.

Mr. ELLENDER. Mr. President, these four amendments deal solely with the amounts which the President has the right to transfer under section 501, and under the bill's authority for the special fund and the contingency fund.

The purpose of the amendments is to specify that, notwithstanding the right of the President to transfer funds from one phase of the program to another, none of those transferable funds can be used in Western Europe.

As I pointed out earlier today, the United States has spent billions of dollars in Western Europe in order to put the European countries on their feet. Today the economy of Western Europe is better than it has ever been in the past. The industrial production of Western Europe has been increased to 168 percent of prewar levels.

The purpose of these amendments is to make Western Europe stand on its own feet; to prevent the President from using any of the special funds for Western Europe.

The bill already provides large amounts of funds for Western Europe.

I have tried to strike out those funds, but I have failed. Now I want to say to the President, "You have the right to make these transfers, but do not give any part of the money to any country in Western Europe."

Mr. President, I ask unanimous consent that the four amendments may be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request that the four amendments be considered en bloc? The Chair hears none, and it is so ordered.

The question now is on agreeing en bloc to the amendments offered by the Senator from Louisiana [Mr. ELLENDER]. The amendments were rejected.

Mr. MORSE. Mr. President, I call up my amendment designated "5-27-58-F" and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 57, it is proposed to strike out lines 12 through 25, and on page 58, strike out lines 1 through 9, all relating to the creation of a new position of Under Secretary of State for Economic Affairs.

Mr. MORSE. Mr. President, I have called up the amendment because I considered myself obligated to do so in view of the fact that in the course of the discussion in the Committee on Foreign Relations I said I would press for action on my amendment on the floor of the Senate, after the amendment was rejected by the committee.

When the matter was first presented in the Committee on Foreign Relations, there was considerable support for the position I took in the committee, and I felt that if the facts were as I sincerely believed them to be at that time, I should press for my amendment on the floor of the Senate. I shall make a brief statement about the amendment, and then I propose to withdraw it.

When this question first arose in the Committee on Foreign Relations, it was reported to us that the proposal for a second Under Secretary of State position was, in part, for the purpose of keeping a very able man, now Deputy Secretary of State, Mr. Dillon, one of our finest public servants, in a position of responsibility; and there seemed to be reason to believe that that could be accomplished with greater certainty if he were promoted to a position of Under Secretary of State.

I did not want to lose Mr. Dillon's public service, but I took the position in the committee that neither would I favor the creation of any special position in order to keep a man in public service if I felt the position itself created administrative difficulty. At that time I believed and understood that we would have two Under Secretaries of State on a par, in equal positions, and with equal rank. I pointed out in committee that I feared that would lead to jurisdictional problems, it would lead to inefficiency, and it would lead to a lack of a direct line of command in the Department of State.

I pointed out that it had always been my understanding that the Under Secretary of State served in behalf of the Secretary of State whenever the Secretary was out of the country or for some rea-

son was incapacitated temporarily; and I thought it would be very undesirable to create dual positions of Under Secretary of State.

My views were made known to the Department of State; and the committee has received a memorandum from the Department which convinces me that the recommendation of the Department should be sustained, and that my amendment should be withdrawn. I think the RECORD should contain the explanation of the Department of State in respect to the proposal to create a second or new position of Under Secretary of State for Economic Affairs. The Department says in its memorandum:

The creation of the position of Under Secretary of State for Economic Affairs will have no effect whatsoever on the role of the Under Secretary of State. The Under Secretary will continue, as heretofore, to serve as principal assistant to the Secretary of State for all aspects of the conduct of United States foreign relations. The Under Secretary of State for Economic Affairs is scheduled to receive a salary of \$22,000 per annum, while the salary of the Under Secretary of State is fixed at \$22,500.

This shows that the present Under Secretary of State will continue to hold the top position under the Secretary of State. The Department of State memorandum continues:

This differentiation in salary clearly indicates the subordinate position of the Under Secretary for Economic Affairs.

On the positive side, the creation of the office of Under Secretary of State for Economic Affairs at a level senior to that of the Director of the International Cooperation Administration will facilitate the administration of the mutual security program within the Department of State as an integral part of the foreign policy of the United States. It will also serve to facilitate the operations of the Department of State in the entire field of foreign economic policy, both in its day-to-day relations with other governments and with other agencies of the United States Government. The Departments of Treasury and Commerce, both of which are active in foreign economic matters, each have two officials serving at the Under Secretary level. It will improve coordination of foreign economic policy within the United States Government. If the officer in the Department of State directly concerned with these matters holds the rank of Under Secretary. Finally the creation of the position of Under Secretary of State for Economic Affairs will serve as an indication both to foreign governments and to domestic interests of the growing importance which the United States Government attaches to problems of foreign economic policy.

That is the entire explanation of the Department of State.

Mr. FULBRIGHT. Mr. President—

Mr. MORSE. Mr. President, I wish to say in conclusion, before I yield, that my original understanding of this new position of Under Secretary of State for Economic Affairs—namely, that it would be on an equality level with the present position of Under Secretary of State—proves not to be the case. I accept the explanation on that point given by the State Department; the State Department's memorandum now convinces me that my original objection had no basis in fact.

Therefore, I am very glad to withdraw my amendment, and to accede to the position taken by the State Department.

I yield now to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I should like to commend the Senator from Oregon, first, for having raised this question, because it has led to a clarification of just what this position means. I myself was not at all clear, during the committee discussion and consideration, as to what would result from this particular amendment or provision. But I believe it is proper, and I think the Senator from Oregon was quite right in raising the question.

I also commend him for withdrawing the amendment, because I believe the memorandum he has read does clarify the matter. So I think he has made an entirely proper move.

Of course, there is a precedent for this proposal. As the Senator from Oregon will recall, Will Clayton served quite satisfactorily in this way, without the development of any clash between himself and the Under Secretary of State.

Mr. MANSFIELD. Mr. President, will the Senator from Oregon yield to me?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Oregon yield to the Senator from Montana?

Mr. MORSE. I yield.

Mr. MANSFIELD. I, too, wish to commend the Senator from Oregon. He raised the question in the committee; and now, because of his active interest in the matter, it has been clarified.

I am glad the memorandum has been read into the RECORD; and I am very happy that the person who has been designated for this new position is Mr. Douglas Dillon, who has done such an excellent job, following his return from service as our Ambassador to France.

I commend the Senator from Oregon for his usual thoroughness and helpfulness.

Mr. MORSE. I thank the Senator very much.

Mr. AIKEN. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. AIKEN. Mr. President, although I have no desire to have this provision of the bill thrown out at this stage, I, too, like the Senator from Oregon, was somewhat apprehensive in regard to creating, in the Department of State, a high officer to deal with economics and trade. It seemed to me that we were relying too much on the Department of State to run the economy of the country, and that it would be better for us to strengthen the Department of Commerce, instead of establishing in the State Department an agency which conceivably could become more important in the economic field than the Department of Commerce itself.

I agreed that Mr. Dillon is undoubtedly a good man, and that we have little to worry about in this instance; and I agree that the State Department cannot ignore commerce, but must necessarily play an important part.

But I want the record to show that I am somewhat apprehensive over this provision, and I am not quite sure that we are doing the right thing by accepting it. In fact, in the committee I voted—with the Senator from Oregon

and with 1 or 2 other members of the committee—not to accept it.

Mr. MORSE. Mr. President, I want the Senator from Vermont to know that I shared his apprehension; but I believe the explanation which has been made by the State Department entitles it to the benefit of the doubt.

Therefore, I now request unanimous consent that I may withdraw my amendment.

The PRESIDING OFFICER. The Chair will advise the Senator from Oregon that unanimous consent is not required if he wishes to withdraw his amendment.

Mr. MORSE. Then, Mr. President, I advise the Senate that I have now withdrawn my amendment.

Mr. FULBRIGHT. Mr. President, last night, during debate on the Knowland amendment, it was so late when the vote was taken that I did not have an opportunity to make a brief statement pertaining to that amendment. At this time I should like to take a few minutes to do so.

According to the press, the Soviet Union has recently unilaterally postponed for 5 years 2 credits to Yugoslavia, in the amount of the equivalent of \$285 million. It is very interesting, in view of the propaganda of the Soviet Union that American credits have strings, and that theirs are without strings, that this extreme form of coercion should be used by the Soviets upon their fellow Communists in Yugoslavia.

This action by the Soviets demonstrates more plainly and forcefully than anything that I can say the determined and ruthless policy of domination which the Russians exercise over their satellites, and even over countries which are not considered satellites, but only friends. The Russians may not attach what are euphemistically called strings. They simply demand complete subservience to their policy; and if the borrower refuses to knuckle under, they simply cancel or postpone the entire credit. That is far more than a string; it is a club.

It is true that, in a sense, good business demands that certain conditions should be imposed upon countries borrowing money for specific developmental purposes. In private practices, the lender is entitled to require that the procedures to be followed by the borrower should be reasonably designed to accomplish the agreed purpose of the loan. That is all that our program has ever required; and I think it is entirely justifiable, and should be required in the future. This does not at all entail the subservience of the borrower to the will of the lender, so far as major governmental policies are concerned.

For the information of the Senate and of the country, I wish to give some further details about the status of credits purportedly extended by the Soviet bloc to Yugoslavia. I think this information is pertinent to the consideration of our policy, not only toward Yugoslavia, but toward other nations of the Soviet bloc, particularly those affected by the amendment proposed by the Senator from Massachusetts [Mr. KENNEDY]. I refer to

the amendment which was defeated, last night, by a majority of one vote, as I recall.

First. According to the newspapers, the Soviet Union has unilaterally postponed, for 5 years, 2 investment credits to Yugoslavia:

(a) One hundred and seventy-five million dollars equivalent, 2 percent 1956-84, in conjunction with East Germany, for the construction of an aluminum complex in Montenegro. This was to have been repaid in aluminum deliveries from the output of the project, beginning of 1962. None of this credit is believed to have been disbursed as yet.

(b) One hundred and ten million dollars equivalent, 2 percent 1956-75, allocated for the construction of 2 fertilizer plants, 3 mines, and 1 power station. About \$7 million of this is believed to have been disbursed, largely for planning.

Second. Since the aluminum project was being developed as a kind of Soviet economic enclave in Montenegro, postponement of it should hurt the rest of the Yugoslav economy very little. But it will present a major problem, in that it was the major project in Montenegro, and the Government will have difficulty in finding something else to do there. The Government also is supposed to have begun work on a new port at Bar, Montenegro; and the aluminum project was probably the main justification for it.

Third. The postponement of the \$110 million credit will hurt the rest of the economy more. Some of the projects have been started, but not all. So far as we know, the projects were of sufficiently high priority that if the Government cannot get other financing for them, it will have to review its whole plan, to decide what can be cut. The investment in these projects is only 2 to 3 percent of the total investment, but the credit amounts to one-fifth of the total foreign exchange financing that the Yugoslavs need for their current 5-year plan.

Fourth. We do not know whether the other Soviet and Soviet satellite credits and the remaining Hungarian reparations payments will also be postponed. These total \$181 million equivalent, and are as follows:

<i>Amount undischursed as of December 31, 1957</i>	
[In millions of dollars]	
Soviet raw materials credit, 2 percent, 1956-68.....	31
Czech investment credit, 2 percent, 1956-70.....	45
Czech commodity credit, 2 percent, 1956-68.....	25
Polish investment credit, 2 percent, 1956-64.....	20
Hungarian reparations.....	60
Total	181

If these also are postponed, and if no other credits are received to make up for them, then Yugoslavia will have to make a major revision of her economic plans. With the loss of all of the Soviet bloc credits, she will have lost over half of the foreign-exchange credits she needs to carry out her 5-year plan.

Fifth. We also do not know whether trade with the Soviet bloc is going to be affected. One-fourth of Yugoslav trade is with the Soviet bloc. While it would

be quite possible for Yugoslavia to shift her trade away from the bloc, that would take time. With the small Yugoslav foreign-exchange reserves, any interruption in trade is a serious matter.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a further compilation of credits from other countries in the Soviet bloc, except Russia, to Yugoslavia.

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

SOVIET BLOC CREDITS TO YUGOSLAVIA
COMPLETELY DISBURSED

Gold loan from U. S. S. R., 2 percent interest payable annually, principal to be repaid in 1966, \$16 million in United States dollars, and \$14 million in sterling: \$30 million.

POSTPONED

Aluminum credit, half from U. S. S. R. and half from East Germany, 2 percent, to cover both foreign exchange and local currency expenditures in constructing an aluminum combine: smelter, powerplant, bauxite mine, soda plant, etc. The local currency costs were to be met by the provision of \$100 million of wheat deliveries. Repayments originally were to have begun in 1962 through delivery of aluminum and to have lasted to 1984. Apparently no interest was to have been paid prior to this: \$175 million.

Investment credit from U. S. S. R., 2 percent, to be allocated to projects in Yugoslavia. Interest payments beginning 1959, varying principal payments, last payment 1975. Payable through clearing arrangements: \$110 million.

STILL IN FORCE

Commodity credit from U. S. S. R., 2 percent, to finance wheat, crude oil and other commodity purchases. Interest and principal payments beginning 1959, last payment 1968. Payable through clearing arrangements. As of December 31, 1957, \$23 million had been disbursed: \$54 million.

Investment credit from Czechoslovakia, 2 percent, to finance purchase of equipment. Interest and principal payments beginning 1961, final payment 1970. Payable through clearing arrangements. As of December 31, 1957, \$5 million had been disbursed: \$50 million.

Commodity credit from Czechoslovakia. Same terms as Soviet commodity credit. No disbursement by end of 1957: \$25 million.

Investment credit from Poland, 2 percent, to finance purchase of equipment. Repayments of interest and principal to begin 1959. Final payment, 1964. Payable through clearing arrangements. No disbursement by end of 1957: \$20 million.

Mr. FULBRIGHT. Mr. President, I place this in the RECORD because I think there is a great misunderstanding of the significance of the Kennedy amendment, and I know there is misunderstanding of the significance of the action taken by the Soviets in postponing these loans.

During the debate last night it was said that, of course, every year at about this time the Yugoslavs pursue a particular course of action which is designed to induce the United States to extend credit to Yugoslavia. That may or may not be so, although I do not believe it to be true. But, regardless of that, the fact that the Russians have in this instance postponed for 5 years the 2 loans totaling \$285 million, at 2 percent, completely negatives, in my opinion, in the minds of the people of the other countries of the world the proposition of the Russians that the United

States places strings on the loans it makes, but that Russia does not.

Now it is clear that the Russians do not merely put strings on the loans they make; they cancel the entire loans.

So I think there is no greater assistance to a correct understanding by the rest of the world of the position we take than the assistance given in that connection by the action taken by Russia in the case of the two loans which Russia had agreed to make to Yugoslavia.

I think the significance of that matter has been overlooked by our press; I think our press does not realize its true significance. Certainly I believe the Senate should not overlook it. Senators should realize that such things as this, which has occurred in the case of Yugoslavia, have great significance in connection with this matter and this situation.

I do not think this action was taken by Yugoslavia in an attempt to influence either one way or another the action taken by this Congress.

Mr. MALONE. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I am very glad to yield.

Mr. MALONE. Does the Senator from Arkansas have reference to the press reports which came a few days ago in regard to the plan of Yugoslavia to sue Russia because Russia broke the promise she had made?

Mr. FULBRIGHT. That is a part of it. The major part in particular refers to the fact that the Russians, because they are having an ideological difference with the Yugoslavs, have postponed for 5 years, which in effect is a withdrawal—the \$285 million credit which they had, with great acclaim, extended.

Mr. MALONE. Where would Yugoslavia file the suit against Russia for not extending the loan it had previously promised to extend? In the World Court?

Mr. FULBRIGHT. Yugoslavia would have to submit a claim to Russia, as any nation submits such a claim, for damages.

Mr. MALONE. I had understood Yugoslavia was going to sue Russia in some court.

Mr. FULBRIGHT. I do not know about that. The account I referred to was that Yugoslavia would present a claim for damages because Yugoslavia had expended some \$7½ million in planning for fertilizer plants. Now the credit to complete the plants is not forthcoming. The extending of the loan has been postponed. I think that would constitute a legitimate claim for damages, in ordinary circumstances, if the credit were withdrawn.

Mr. MALONE. If Yugoslavia were to sue Russia for canceling a promised loan and tried to secure damages in the World Court, does the Senator from Arkansas believe that might set a precedent which might apply to us?

Mr. FULBRIGHT. Is it the Senator's belief that Russia has subjected herself to the World Court? Is she a member of the World Court?

Mr. MALONE. If Russia were to be sued by Yugoslavia and the World

Court took jurisdiction and assessed damages—stranger things have happened—

Mr. FULBRIGHT. That would be very strange. Of course, I hope Yugoslavia will sue Russia, because that would advertise to the world just how Russia treats her satellites or friends.

That is the purpose of my making the statement. I would hope Yugoslavia would sue Russia, but I do not think Yugoslavia would be able to collect unless Russia wanted to pay. There is no binding agreement in this field, as the Senator knows.

Mr. MALONE. The point I want to make is that it might set a bad precedent for the United States, and there might be many nations suing us for implied promises made by the State Department.

Mr. FULBRIGHT. The Senator is going pretty far afield. I do not think this country does that sort of thing. When this country promises to extend credit, it carries out its promises. That is the big difference between us and Russia. I think that has very great significance to the rest of the world. We do business on the basis of carrying out promises, and Russia does not.

Mr. MALONE. I point out to the Senator that we promised to build the Aswan Dam on the Nile River, and then changed our minds.

Mr. FULBRIGHT. That agreement was never reduced to the point where credit was extended. Before it got to the point of agreement, we changed our minds. The discussion was in the preliminary stages. I do not want to take the time of the Senate to discuss it, but I should like to point out that what happened was that the Secretary of State made a proposal. Mr. Nasser did not accept the proposal. He made a counterproposal, in a sense. Negotiations took place. Before there was a complete meeting of the minds, the Secretary of State withdrew our offer. It never reached the point of agreement.

Mr. MALONE. The Senator from Arkansas believes, does he, that the matter could never have been subject to a suit, under those circumstances?

Mr. FULBRIGHT. No; I do not think so. Generally speaking, in this field, those circumstances would not warrant a suit. That does not mean the country could not make a legitimate claim that we had injured it. In this general field, there is no law in the sense that we have domestic law in the United States, under which an aggrieved party can go into a court and enforce a contract. These are diplomatic relations, which rely upon consent and agreement.

Mr. MALONE. In 1947, 1948, and 1949, the chief argument on the floor was that the State Department had committed this country, and that it would be a breach of faith if the Senate did not appropriate the money.

Mr. FULBRIGHT. I do not recall that argument. I do not think I made such an argument.

Mr. MALONE. The logical conclusion would be that such countries would have a case against us.

Mr. FULBRIGHT. I do not recall such an argument being made in the sense

that there was any legal obligation on our part.

I think we and the free world should take notice of what the Russians have done in connection with the loan to Yugoslavia. It is very significant as to what this country might have done in the future if the Kennedy amendment had not been defeated. I think that was a great mistake. We were defeated in a fair argument. I only hope the incident with regard to Yugoslavia is merely one example of what we may be able to develop in the course of time if this country uses its resources intelligently in this field.

I regret that this administration was deprived of an opportunity to engage in further activities in that direction.

Mr. MANSFIELD. Mr. President, I desire to join the distinguished Senator from Minnesota [Mr. HUMPHREY] and the distinguished Senator from Wisconsin [Mr. WILEY] and to particularly call attention to two sections in the bill dealing with health. One of these will carry forward the malaria eradication program. This section authorizes the use of any funds in the act, other than those for military assistance and the Development Loan Fund, for this purpose. The administration intends to use \$25.6 million in special assistance funds for this program, but it has authority to use more—or less—if necessary.

The other section invites the World Health Organization "to initiate studies looking toward the strengthening of research and related programs against diseases common to mankind or unique to individual regions of the globe." This particular provision is really nothing more than an exhortation, but it is one which I hope will be heeded, because health strikes me as an activity especially suited to the multilateral approach. One of the virtues of the malaria eradication program is that it is an international endeavor carried on in cooperation with WHO and the Pan American Sanitary Organization.

Disease transcends political boundaries and economic doctrines. There is no ideology in a germ. Certainly this should be a field in which human beings can work together simply as human beings.

Another factor pointing to the multilateral approach in health is the international flavor of much of the work that has already been done. This, I think, could be capitalized on as international health work if pushed forward on a more organized basis. Would it not be a splendid thing, Mr. President, if every vial of penicillin used in these multilateral health programs abroad bore the label, "Discovered in the United Kingdom and manufactured in the United States"? Or if every X-ray machine bore the label, "Invented in Germany and manufactured in the United States"? Or if every carton of milk supplied by the U. N. Children's Fund was labeled, "Purified according to a process developed in France, with machinery manufactured in the United States"?

This would indeed be symbolic of international cooperation and would, I

think, have advantageous psychological results among the people being aided. I hope, therefore, Mr. President, that in these and other health programs, the administration will consider and take into account by appropriate regulation or other procedures the psychological value of emphasizing the origin of effective medicines.

Mr. THURMOND. Mr. President, I am in sympathy with the principle embodied in the amendment dealing with offshore procurement which the Committee on Foreign Relations has offered as one of its proposals for improving the mutual security bill.

This principle is that commodities purchased for the foreign aid program should be purchased, whenever practicable, in the United States. This is a laudable principle. By aiding American industry and agriculture, the purchases contribute to the American economy and reduce the heavy burden of expense borne by the American taxpayer in supporting the mutual security program. The alternative is to subsidize industries overseas which will compete with American industry.

In applying this buy American principle, the committee has been quite lenient. It would authorize the President to permit up to 50 percent of the nonmilitary assistance funds (other than the Development Loan Fund) to be used for offshore procurement. I am inclined to believe that this ceiling on foreign purchases is set too high. However, in view of the fact that the mutual security program is primarily a security program, and not a program to regulate or restrict trade, I am willing to accept the judgment of the committee as to the percentage of procurement that can reasonably be conducted overseas without undue damage to American industry.

Mr. President, I ask unanimous consent that there be printed in the Record, at this point in my remarks, a table prepared by the Office of Statistics and Reports of the International Cooperation Administration, showing the percentage of commodity expenditures which have been made, under its programs in the United States.

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

ICA commodity expenditures, total and principal commodities

[In millions of dollars]

	Total ICA commodity expenditures				Percent of total procured in United States			
	1949-55	1956	1957	1958 ¹	1949-55	1956	1957	1958 ¹
Total, all commodities.....	\$14,479	\$1,040	\$1,236	\$1,033	69.9	67.6	57.3	55.1
Total, principal commodities.....	10,261	779	927	806	74.4	68.9	56.4	55.6
Machinery and equipment.....	1,805	151	168	142	95.1	66.2	57.8	51.1
Iron and steel.....	549	71	81	103	78.0	36.2	28.3	37.5
Bread grains.....	2,084	109	113	94	76.4	100.0	100.0	100.0
Cotton.....	2,140	113	116	84	100.0	100.0	100.0	100.0
Fabricated basic textiles.....	179	46	96	70	51.4	24.4	7.5	13.6
Chemicals.....	384	54	73	63	90.4	61.2	42.3	41.2
Petroleum.....	1,635	38	89	69	25.8	65.1	44.3	60.7
Sugar.....	335	9	47	54	8.4	1.6	31.1	44.5
Fertilizers.....	201	66	63	39	35.1	48.8	47.0	78.2
Air and rail transportation equipment.....	183	42	18	37	95.4	75.3	38.6	68.6
Motor vehicles.....	300	45	41	35	98.1	65.8	66.5	84.1
Coal.....	466	35	31	26	74.1	87.7	71.3	
Total principal commodities excluding bread grains and cotton.....	6,037	557	698	628	64.7	56.4	42.1	43.0

¹ Annual rate, based on 1st 6 months.

Mr. THURMOND. Mr. President, it is apparent from the table that some American industries have been gaining a larger share of the ICA's procurement dollar, while others, which did a substantial business in the foreign-aid procurement program a few years ago, have been losing ground.

The most distressing example is that of the textile industry. In the years 1949-55, a little more than half of the ICA commodity expenditures for textiles went to American textile mills. This was very close to the 50-50 arrangement proposed by the Foreign Relations Committee as the ultimate in offshore procurement. However, the American percentage declined to 24.4 percent in 1956 and 7.5 percent in 1957. In 1957, the ICA spent \$96,000,000 for textile products, of which only \$7 million went to American suppliers.

The picture improved somewhat during the first 6 months of fiscal 1958, when the American share of textile sales for the foreign assistance program was

13.6 percent of the total. Still, this leaves almost seven-eighths of the business for foreign mills.

Foreign producers also supply the greater share of the iron and steel, chemicals and fertilizers purchased for the foreign-aid program.

Mr. President, these are industries which are vital to the security of the United States. In case of wartime mobilization, these are industries which must expand rapidly to supply the needs of the Armed Forces, and to supply urgent needs at home. Any security program which works to the detriment of these industries is a dangerous security program.

The amendment of the distinguished Senator from Maine [Mr. PAYNE], who is himself a member of the Foreign Relations Committee, permits a maximum of 50 percent of any class of commodity to be procured overseas when, in the judgment of the President, such procurement will not unduly damage the domestic industry.

As I have pointed out, the immediate beneficiaries of this amendment will be the textile industry, the iron and steel industry, the chemical industry and the fertilizer industry. Judging by the trend in procurement, it will soon be helpful to the machinery and equipment industry and to the motor vehicle industry. These industries now get slightly more than half of the procurement dollar for their classes of commodities, but have been losing ground.

In the long run, the beneficiaries will include every American.

Mr. HUMPHREY. Mr. President, I call up my amendment, identified as 6-3-58-F.

The PRESIDING OFFICER. The amendment of the Senator from Minnesota will be stated.

The CHIEF CLERK. It is proposed, on page 63, after line 9, to insert:

(d) Add the following new section to the act:

"SEC. 550. It is the sense of the Congress that the President should explore with other nations the establishment of an International Food and Raw Materials Reserve under the auspices of the United Nations and related international organizations for the purpose of acquiring and storing in appropriate countries raw or processed farm products and other raw materials, exclusive of minerals, with a view to their use in—

"(1) preventing extreme price fluctuations in the international market in these commodities;

"(2) preventing famine and starvation;

"(3) helping absorb temporary market surpluses of farm products and other raw materials (exclusive of minerals);

"(4) economic and social development programs formulated in cooperation with other appropriate international agencies.

"Participation by the United States such an International Food and Raw Materials Reserve shall be contingent upon statutory authorization or treaty approval, may be appropriate. The President shall include in each of the semiannual reports required by section 534 an account of action taken under this section."

Mr. HUMPHREY. Mr. President, the hour is very late. I shall take about 30 seconds.

This amendment was offered last year to the mutual-security bill then pending and was adopted by the Senate. It is a direction to the President of the United States in our negotiations as a member of the United Nations.

The purpose of this amendment has received considerable international support. I cite for the Record that the present Prime Minister of Canada, Mr. Diefenbaker, has recently supported an international food and fiber reserve.

I also note that the Japanese Government, the Italian Government, the Costa Rican Government, and other governments have indicated interest in the discussion of such a policy.

Finally, whatever may be decided, if anything should be accomplished in line with the purpose of the amendment it would have to be submitted to the Senate in accordance with the language, which says "statutory authorization or treaty approval, as may be appropriate."

Mr. HICKENLOPER. Mr. President, the amendment was offered in the Senate Committee on Foreign Relations.

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The amendment was rejected as impractical at this time.

The administration opposes the amendment for various reasons. I shall not take the time to state the reasons this evening, because of the lateness of the hour. The fact is the amendment has been considered and rejected by the committee, which leads me to urge that the amendment be rejected at this time.

The principle involved is being pursued now mainly on the basis of the individual nation's capability of such stockpile. This amendment would establish another international agency, and we know what that would mean.

Mr. President, I ask unanimous consent to have a statement printed in the RECORD at this point, in connection with this matter.

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

INTERNATIONAL FOOD AND RAW MATERIALS RESERVE

Senator HUMPHREY has proposed an amendment which would add a new section 550 to the act expressing the sense of the Congress that the President should explore with other nations the establishment of an international food and raw materials reserve.

EXECUTIVE BRANCH POSITION

The executive branch opposes the Senate amendment for these reasons:

1. The possibility of establishment of an international food reserve has already been explored with other nations. Such exploration has taken place in the Food and Agriculture Organization of the United Nations, the Economic and Social Council of the United Nations, and the General Assembly of the United Nations. At the 11th session of the General Assembly in November 1956, the United States pointed out that there were slight prospects of action on world reserves, but much better prospects for national food reserves, in the creation of which the United States was willing to assist. The General Assembly then adopted Resolution 1025, based largely on a United States draft, which requested the Secretary General, in preparation of a report requested by an ECOSOC resolution, to include an analysis of the desirability and possibility of promoting national reserves which might meet emergency situations, prevent excessive price increases resulting from failure of local food supplies, and prevent excessive price increases resulting from increased demand due to economic development programs. The FAO secretariat is currently preparing, by agreement with the staff of the U. N., the report for presentation to this coming summer session of the ECOSOC.

2. The substance of the United States position, which is understood by other members of the United Nations and of the Food and Agriculture Organization, is as follows:

(a) The creation of international food reserves at the present time is not feasible. It would create many problems with regard to location, establishment of storage facilities, administration, and financing.

(b) The creation of national food reserves to serve any of a number of different purposes appears to be both desirable and feasible.

(c) The United States Government is consulting with governments of both importing and exporting countries through FAO's Consultative Subcommittee on Surplus Disposal and its Working Party on National Reserves with a view to facilitating realization of programs of this kind. However, no concrete proposals have been developed yet.

(d) The United States is prepared to make available within the limits of existing legis-

lation and authorization (Public Law 480) surplus agricultural commodities for the establishment of reserve stocks to meet extraordinary needs due to crop failure or other emergencies, to mitigate excessive local fluctuations of prices, or to meet unforeseen increases in demand.

(e) Such assistance in the establishment of reserve stocks is contingent upon adequate steps being taken to assure that commercial imports will not be reduced, that adequate storage facilities are available, and that a number of other reasonable conditions are met.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY]. [Putting the question.]

Mr. DOUGLAS. Mr. President, I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. PAYNE. Mr. President, I ask unanimous consent to have printed in the RECORD a statement I have prepared with respect to the extension of the mutual-security program.

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

STATEMENT BY SENATOR PAYNE ON EXTENSION OF MUTUAL SECURITY PROGRAM

Once again the Senate of the United States has before it a bill to extend the Mutual Security Act and to authorize the necessary appropriations. Few measures which come before the Congress of the United States each year are of greater significance to the destiny of our own Nation and all the peoples of the free world. Few bills call for more responsible action on the part of those of us who have been honored by our electorate to sit here as their representatives in this great Chamber. The Mutual Security Act is indeed a cornerstone upon which the structure of free world cooperation and defense is based. More than that, it is a practical and aptly symbol of those most noble qualities and characteristics of the American people—social responsibility, generosity, cooperative endeavor, and unqualified devotion to peace and the elevation of human dignity and well-being.

The vital significance of the foreign aid program has been duly recognized by all Americans. The Nation as a whole has contributed billions of dollars and thousands of its administrative specialists and technicians to make the program succeed and enjoy constructive results. The Congress has year after year undertaken bipartisan efforts to achieve sound legislation affecting foreign aid and guiding the program according to the best interests of the Nation. And the administration has actively supported foreign aid and given it the leadership which it deserves. Following the chaos of World War II the program was born from the realistic recognition of all Americans that it was their responsibility and moral obligation to assist the suffering peoples of war-torn nations. It is my personal conviction that this act of

unselfish and genuine good will shall forever be recorded in the annals of history as a glowing tribute to the American people and as irrefutable evidence of our sincere devotion to the cause of peace and human well-being.

Today the foreign aid program has been diverted from its original task of helping a sick and war-weary world regain its strength. It is now lending its resources to the elevation of peoples throughout the world who for centuries have lived under conditions of poverty, disease, and malnutrition. It is also contributing to the defense of these nations, many of which have only recently joined the World Community as independent and sovereign states. In so doing, the foreign aid program is rendering a service of inestimable value to underdeveloped and new-born nations throughout the world. But we must not for a moment forget that it is also contributing untold benefits to our own interests. There is no doubt in my own mind that all Americans want to help the less fortunate peoples of the world. We are a prosperous Nation. We enjoy the highest standard of living ever achieved by a society. We are also naturally motivated by an unselfish response to assist those in need. For this reason, we genuinely desire to share our prosperity with those who are now making every effort to emerge from want, illiteracy, and disease, and who desire to take their rightful places among the more developed nations of the world. On the other hand, no nation can be expected to give of itself tirelessly without reward. To expect this of a nation is not only unrealistic but also unwise. Any program such as foreign aid must, therefore, be in tune with the principles of enlightened self-interest. For this reason, we must never underestimate the contributions the program makes to the United States itself as well as to our many foreign friends.

In a world divided into two conflicting ideological camps, each finding it necessary for its own self-preservation that its way of life be understood and acknowledged by all, it is imperative that the United States demonstrate its traditional motivations toward peace and human welfare. It is vital that we make known to all our heritage of social responsibility and cooperative endeavor. Even in an era of international harmony we would seek to aid the unfortunate peoples of the world. In a period of cold war, however, when our very basic political, social, and economic institutions are challenged, such assistance becomes ever more necessary as a means of establishing stability in nations which might otherwise succumb to the false promises of communism, and as a means of making clear and evident our peaceful intentions and the advantages of our way of life. This the foreign-aid program provides.

In addition it contributes to the cooperative defense efforts of the free world. It permits less prosperous nations to have the arms necessary for their own protection against the constant menaces of the Kremlin. These nations provide the men and the bases. We help them clothe and equip their armies and we supply their bases. Without these men and bases the world over, our future would indeed be jeopardized. They are an indispensable part of our own defense and, in turn, the defense of the entire free world.

Thus the foreign-aid program, in addition to the valuable assistance it renders to the underdeveloped nations of the world, also contributes immeasurably to our own ideological and military defense. For this reason I speak today in its support and hope that it will be allowed to continue its valuable services.

Before concluding, however, I wish to make a few brief remarks concerning an amendment to the Mutual Security Act which I introduced and which has been adopted with modifications by the distinguished members

of the Committee on Foreign Relations. This amendment would modify the procurement policies of the foreign-aid program by requiring that at least 50 percent of each commodity purchased under chapter 8 of title I, and also under title III and title IV of the Mutual Security Act be bought here in the United States and that the other 50 percent of each commodity also be purchased domestically if the President determines that such procurement will be of advantage to the United States economy with special reference to areas of labor surplus. I wish to emphasize, Mr. President, that it is the intention of the author of this amendment that 50 or more percent of each commodity be purchased in the United States. Recent interpretations of this amendment by officials of the Department of State have suggested that the executive branch construes it to mean that 50 percent of the total of procurement funds be spent here at home. This is not at all what was intended by the author of the amendment, nor is it consistent with the language of the amendment. For this reason I wish to again repeat that the amendment as introduced is intended to require that at least 50 percent of each commodity purchased under the designated titles of the Mutual Security Act be bought domestically and that even more than 50 percent of a commodity be purchased in the United States unless the President can show that off-shore purchases would not adversely effect the economy of the United States with special reference to areas of labor surplus or upon the industrial mobilization base. So far the Department of State interpretations have not been correct and I emphasize the intention of my amendment in order that the Department not be permitted to write legislative history on this amendment by executive fiat.

It is my sincere conviction that this amendment is vitally needed in order to make the application of the Mutual Security Act more reasonable and in line with our national self interest. I first became aware of the unwise procurement policies of the International Cooperation Agency, which presently administers the foreign aid program, and of its predecessor agencies in a recent study I made of the textile industry. I learned, for example, that since 1949 American tax dollars have purchased over \$356 million worth of textiles under the foreign aid program. Of that amount \$240,820,000 worth were purchased overseas and \$115,190,000 worth were bought here at home. Yet, as we all know, the domestic textile industry is in a very serious plight and has been since the war. Mills have been closing by the score and there are now several hundred thousand fewer textile jobs than there were in 1947. Yet, ICA has been buying the lions share of its textiles overseas. In fiscal 1957 alone, of the \$96,322,000 worth of textiles purchased with foreign aid funds \$89,111,000 worth were bought overseas and only \$7,211,000 worth were purchased here at home. Had this purchasing policy been reversed, I am certain that several textile mills which closed during the year might still be open and that the jobs of several thousand textile workers might have been saved.

And this unwise procurement policy has affected other industries suffering from unemployment. In textile machinery, for example, ICA in fiscal 1957 purchased \$5,433,000 worth. Of that total \$4,264,000 worth were bought overseas and only \$1,169,000 worth came from American industry. Yet in Biddeford-Saco, Maine, the Saco-Lowell Shops, probably the world's largest producer of textile machinery, were working at 50 percent capacity with additional layoffs forecast. I understand that in the procurement of motor vehicles, footwear, and many other commodities the policy has been the same, with foreign competitors obtaining the lions share of American foreign aid contracts.

This, in my estimation, is a detrimental policy especially at a time of economic slump here at home. It represents the use of American tax dollars to help put Americans out of work.

The supporters of this policy tell us that they are saving American tax dollars by buying commodities overseas where they are cheaper and where the dollar, therefore, can be stretched. I am quite certain that were this situation thoroughly analyzed, we would find that the unemployment and industrial inactivity resulting from the loss of these foreign aid contracts are much more costly to the American people than would be the case if our tax dollars were spent here at home where admittedly they could not buy quite as much as they can in countries with low standards of living and where labor enjoys none of the benefits provided to American workers. Unemployment and industrial inactivity mean great losses in personal and corporate income taxes. Furthermore, the money paid in unemployment compensation also represents a considerable drain on tax dollars. The loss of jobs here at home resulting from the loss of millions of dollars worth of foreign aid contracts is certainly not a saving to the American taxpayer whose dollars, as I say, are helping to put him out of work.

For these reasons I did introduce this amendment which modifies our present foreign aid procurement policies and prohibits this unwise purchase of foreign commodities when our own industries are suffering from unemployment. The amendment was adopted by the Committee on Foreign Relations and is included in the bill we are now considering. A more reasonable procurement policy will not only be beneficial to the American taxpayer, the American worker, and numerous American industries, but it should also strengthen the foreign aid program itself by blunting the edge of criticism aimed against it and by cementing public opinion in support of it.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McClellan
Allott	Goldwater	McNamara
Anderson	Gore	Monroney
Beall	Green	Morse
Bennett	Hayden	Morton
Bible	Hennings	Mundt
Bridges	Hickenlooper	Neuberger
Bush	Hill	Payne
Capehart	Humphrey	Proxmire
Carlson	Jackson	Purtell
Carroll	Javits	Russell
Case, N. J.	Jenner	Smathers
Case, S. Dak.	Johnson, Tex.	Smith, Maine
Chavez	Jordan	Smith, N. J.
Church	Kefauver	Sparkman
Clark	Kennedy	Stennis
Cooper	Knowland	Symington
Curtis	Kuchel	Talmadge
Dirksen	Langer	Thurmond
Douglas	Lausche	Thye
Dworshak	Magnuson	Watkins
Eastland	Malone	Wiley
Ellender	Mansfield	Williams
Ervin	Martin, Iowa	Young

Mr. MANSFIELD. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Rhode Island [Mr. PASTORE], and the Senator

from Texas [Mr. YARBOROUGH], are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPEL] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Ohio [Mr. BRICKER], the Senator from Vermont [Mr. FLANDERS], and the Senator from Michigan [Mr. POTTER], are detained on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from West Virginia [Mr. HOBLITZELL], and the Senator from Nebraska [Mr. HRUSKA] are also absent on official business.

The PRESIDING OFFICER. A quorum is present.

The question is, Shall the bill pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. EASTLAND (when his name was called). On this vote I have a pair with the junior Senator from Rhode Island [Mr. PASTORE]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

Mr. MAGNUSON (when his name was called). On this vote I have a pair with the senior Senator from Oklahoma [Mr. KERR]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the Senator from Louisiana [Mr. LONG]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

Mr. McCLELLAN (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. HOLLAND]. I understand that if he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from Delaware [Mr. FREAR], the Senator from Florida [Mr. HOLLAND], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that if present and voting, the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from South Carolina [Mr. JOHNSTON],

and the Senator from Wyoming [Mr. O'MAHONEY], would each vote "nay."

On this vote, the Senator from Delaware [Mr. FREAR] is paired with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Delaware would vote "nay" and the Senator from Montana would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from New York [Mr. IVES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPEL] are absent on official business.

The Senator from New Hampshire [Mr. COTTON], the Senator from West Virginia [Mr. REVERCOMB], and the Senator from Massachusetts [Mr. SALTONSTALL], are necessarily absent.

The Senator from Ohio [Mr. BRICKER], the Senator from Vermont [Mr. FLANDERS], and the Senator from Michigan [Mr. POTTER], are detained on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from West Virginia [Mr. HOBLITZELL], and the Senator from Nebraska [Mr. HRUSKA] are also absent on official business.

If present and voting, the Senator from Maryland [Mr. BUTLER], the Senator from West Virginia [Mr. HOBLITZELL], the Senator from New York [Mr. IVES], and the Senator from Massachusetts [Mr. SALTONSTALL], would each vote "yea."

The Senator from Wyoming [Mr. BARRETT], is paired with the Senator from New Hampshire [Mr. COTTON]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from New Hampshire would vote "yea."

The Senator from Michigan [Mr. POTTER], is paired with the Senator from Kansas [Mr. SCHOEPEL]. If present and voting, the Senator from Michigan would vote "yea," and the Senator from Kansas would vote "nay."

The Senator from West Virginia [Mr. REVERCOMB], is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from Nebraska would vote "nay."

The result was announced—yeas 51, nays 17, as follows:

YEAS—51

Aiken	Fulbright	McNamara
Allott	Gore	Monroney
Anderson	Green	Morse
Beall	Hayden	Morton
Bennett	Hennings	Mundt
Bridges	Hickenlooper	Neuberger
Bush	Hill	Payne
Capehart	Humphrey	Proxmire
Carlson	Jackson	Purtell
Carroll	Javits	Smathers
Case, N. J.	Johnson, Tex.	Smith, Maine
Case, S. Dak.	Kefauver	Smith, N. J.
Church	Kennedy	Sparkman
Clark	Knowland	Symington
Cooper	Kuchel	Thye
Dirksen	Lausche	Watkins
Douglas	Martin, Iowa	Wiley

NAYS—17

Bible	Goldwater	Stennis
Chavez	Jenner	Talmadge
Curtis	Jordan	Thurmond
Dworshak	Langer	Williams
Ehender	Malone	Young
Ervin	Russell	

NOT VOTING—28

Barrett	Hruska	O'Mahoney
Bricker	Ives	Pastore
Butler	Johnston, S. C.	Potter
Byrd	Kerr	Revercomb
Cotton	Long	Robertson
Eastland	Magnuson	Saltonstall
Flanders	Mansfield	Schoeppel
Frear	Martin, Pa.	Yarborough
Hoblitzell	McClellan	
Holland	Murray	

So the bill (H. R. 12181) was passed. Mr. MANSFIELD. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. GREEN. Mr. President, I move that the Senate insist on its amendments to House bill 12181, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. GREEN, Mr. FULBRIGHT, Mr. SPARKMAN, Mr. HUMPHREY, Mr. MANSFIELD, Mr. WILEY, Mr. SMITH of New Jersey, Mr. HICKENLOOPER, and Mr. KNOWLAND conferees on the part of the Senate.

Mr. GREEN. Mr. President, I ask that the bill, as amended and passed by the Senate, be printed.

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

ORDER FOR ADJOURNMENT TILL 11 A. M. MONDAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in adjournment until 11 o'clock a. m. on Monday next.

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

TRIBUTE TO SENATOR GREEN

Mr. JOHNSON of Texas. Mr. President, I wish to pay high tribute to the distinguished chairman of the Foreign Relations Committee, who has been the floor manager for the bill just passed, and who has handled the measure with his usual skill and efficiency.

This is a very difficult piece of legislation, as we all know. It is time consuming. We spent days and nights working on the bill. It has now been passed, after most careful attention, by an overwhelming vote. I believe that vote is a tribute to the industry of the distinguished chairman of the committee, Senator THEODORE GREEN, and an indication of the confidence we have in him. [Applause.]

BASIC PHILOSOPHY AND RATIONALE UNDERLYING AMERICAN FOREIGN POLICY

Mr. KNOWLAND. Mr. President, I ask unanimous consent that there be printed in the body of the RECORD a statement by Hon. John Foster Dulles, Secretary of State, before the Senate

Foreign Relations Committee today, on the subject of the basic goals of United States foreign policy.

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

STATEMENT BY THE HONORABLE JOHN FOSTER DULLES, SECRETARY OF STATE, BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE

Mr. Chairman, my associates in charge of regional and economic affairs have made detailed expositions of United States foreign policy in relation to particular subjects. I shall present the basic philosophy, the rationale, which underlies those policies.

I. OUR BASIC GOALS

United States foreign policy is designed to protect and promote the interests of the United States in the international field. It is based upon certain facts and convictions:

(a) That the peoples of the world universally desire the elimination of war and the establishment of a just peace;

(b) That the designs of aggressive Communist imperialism pose a continuous threat to every nation of the free world, including our own;

(c) That the security of this Nation can be maintained only by the spiritual, economic, and military strength of the free world, with this Nation a powerful partner committed to this purpose;

(d) That change in the law of life, for nations as well as for men, and that no political, economic, or social system survives unless it proves its continuing worth in the face of everchanging circumstances;

(e) That the effectiveness of our collective security measures depends upon the economic advancement of the less developed parts of the free world, which strengthens their purpose and ability to sustain their independence;

(f) That in all international associations and combinations within the free world, of which the United States is a member, it considers all nations, including itself, as equals. The sovereignty of no nation will ever be limited or diminished by any act of the United States.

The interests of the United States, which our foreign policy would safeguard and promote, include:

The lives and homes of our people; their confidence and peace of mind; their economic well-being; and their ideals.

These interests are not mutually exclusive; rather they are overlapping and interdependent. Yet, of them, ideals rank first.

Our people have never hesitated to sacrifice life, property, and economic well-being in order that our ideals should not perish from the earth.

So we often have a narrow path to tread. We must avoid war and still stand both firm and affirmative for what we deem to be just and right.

Success in our purposes requires that we have vision to see, hearts to understand, and minds to resolve, the problems of the world in which we live.

II. THE CHALLENGE OF CHANGE

We face the challenge of change. Long-established political relationships are evaporating; massive fresh human aspirations demand new responses; physical limitations within and without this globe are being swept away by the advances of science.

1. We are witnessing a political revolution that is drastic and worldwide in its repercussions. For 500 years Europe was predominant in the world through a political system known as colonialism, backed by preponderant industrial and military power.

That political system is now in process of rapid transformation. Within the last 15

years 700 million people of 20 countries have won political independence. This trend will continue.

But stability is not achieved and a new order comfortably established merely by the grant of political independence. That is but the beginning of a two-phased struggle.

To preserve political independence requires a people who themselves exercise self-restraint and who acquire education. Without these qualities, political independence may mean but a brief transition from benevolent colonialism to ruthless dictatorship.

The second front is the economic front. The grant of independence has generated mass aspirations, which have spread contagiously to all who, having been bogged down for centuries in a morass of abject poverty, demand a prospect for rising in the economic scale.

Thus, we face a world new both in terms of its political structure and its economic demands.

2. We face another new world in terms of physical power. The splitting of the atom revealed sources of power, so vast, so omnipresent, as to imply a new industrial revolution. Also it changes the very nature of war, in that general war now would menace the very existence of human life upon this planet.

3. A third new world opens in terms of outer space. Throughout history, until now, man has assumed that the atmosphere put a limit on man's reach. Now his satellites and missiles go far beyond. Soon they will be carrying human beings far beyond. Just what this means we do not know. We sense but dimly what we realize must be new possibilities of infinite purport.

4. Even on this globe, old areas take on new aspects. What were barriers of forbidding cold and ice now, in the North, offer the routes whereby many can most quickly establish contact with each other. And in the South, Antarctica, probed by the Geophysical Year, reveals a new and exciting possibility of service to mankind.

5. And peace must be better assured within the society of nations.

Today no international wars are being fought. For that we can be thankful. But our peace is a precarious peace. It depends too much on individual and national restraints, upon accurate calculations, and upon avoidance of miscalculations and mischances. It is not sufficiently rooted in a system of law, order and justice.

Unless we build a better international order, all of the new prospects which beckon mankind forward and upward will come to the naught of a blackout that has no ending.

III. THE GOALS OF INTERNATIONAL COMMUNISM

These challenges of a changing world are the more demanding of us because International communism seeks to dominate the change and thereby itself ride to world rule.

It professes a creed which, it claims, shows the way to assured peace and great productivity. According to it, human beings are animated particles of matter; order and maximum productivity require that they be directed in accordance with a master plan which will assure conformity of thought and act, and eliminate the discords inherent in a society which gives freedom of thought and choice to the individual human being. The Soviet Communist Party, as the general staff of the world proletariat would devise and administer the worldwide master plan.

International communism emphasizes science and scientific applications. It seeks to dominate the world with a military establishment so powerful that its will will not be challenged. It strives for superiority in all material ways, including economic productivity. It makes intensive efforts in the new fields of nuclear energy, and in the exploration of outer space.

Thus, the challenge of change that confronts us offers not a choice between freedom and stagnation, or even between freedom and chaos. The choice is between freedom and a world in which great power, strong discipline, and a materialistic creed are combined to end everywhere the exercise of human freedom.

IV. OUR RESPONSE TO THE CHALLENGE OF CHANGE

The United States responds to the challenge of change. As an equal among equals, and in willing partnership with others, we play a positive and creative part. We do so not merely as a counter to Communist imperialism. We do so because to play such a part is natural to us and comports with our great tradition. We do so in no partisan mood, but with policies that reflect solid bipartisan cooperation.

The independence movement

1. On September 8, 1954, at Manila, acting under the inspiration of President Maysaysay, the United States and other Western powers joined with free Asian nations to proclaim the Pacific Charter. The signatories declared:

"They uphold the principle of equal rights and self-determination of peoples and they will earnestly strive by every peaceful means to promote self-government and to secure the independence of all countries whose peoples desire it and are able to undertake its responsibilities."

We realize full well that the solid establishment of independence is a hard task. We take every appropriate occasion to assist it.

We encourage educational exchanges and "leader" visits.

We provide technical assistance, both bilaterally and through the United Nations.

We provide funds for economic development. Private capital plays the primary role. But the Export-Import Bank and the Development Loan Fund are essential supplements.

The leaders of the new countries are not blind to the danger to independence that stems from international communism. They seek to find, in freedom, the way to solve their countries' problems. They look to the United States as the nation from which they can most dependably obtain assistance which will add to, not subtract from, their lasting independence.

Atoms for peace

2. The United States pioneers in the world of the atom. Our first concern is that this incredibly great force shall not be used for human destruction.

In 1946, when atomic power was still our monopoly, we sought, through the Baruch plan, such international control as would assure that atomic power would never be an instrument of war. The Soviet Union rejected that proposal. We nevertheless continue our efforts. President Eisenhower's "atoms for peace" proposal, made to the United Nations in 1953, finally led to positive results, which should grow with time.

The International Atomic Energy Agency was established in 1957 with a present membership of 66 nations, including the U. S. S. R. But that Government still fails to join to implement that vital part of the President's proposal which would have drawn down nuclear war stocks for peace stocks under international control.

We continue to press the Soviet Union in that respect.

We continue to develop and to spread the peaceful uses of atomic energy.

We have made bilateral arrangements with 39 nations and have supplied research reactors to 16 nations. Negotiations are under way with others.

We are developing close and constructive relations with Euratom the atomic agency of six Western European nations.

President Eisenhower expressed, in 1953, to the United Nations our determination "to find the way by which the miraculous inventiveness of man shall not be dedicated to his death, but consecrated to his life."

We are doing much to assure that the new world of power which is developing will, in fact, serve that noble purpose.

Outer space for peace

3. We also give leadership in planning for the use of the new world of outer space. I recall President Eisenhower's letter of January 13, 1958, to Mr. Bulganin, where he said:

"I now make, Mr. Chairman, a proposal to solve what I consider to be the most important problem which faces the world today.

"I propose that we agree that outer space should be used only for peaceful purposes. We face a decisive moment in history in relation to this matter."

So far the Soviet reply has been evasive. But we feel confident that our viewpoint will prevail, if for no other reason than that the Soviet Union will finally see its own welfare in that result.

Meanwhile we plan our civilian space agency, legislation for which is now before the Congress. It will help us devise and implement programs for the peaceful use of outer space.

The polar areas

4. In Antarctica, we have actively participated in the scientific studies of the Geophysical Year. We have become deeply impressed with the danger if that unfolding continent should become a scene of international rivalry and if its physical possibilities were to be used to threaten world peace and security. So, the United States has proposed that a conference be held to negotiate a treaty guaranteeing peaceful use of Antarctica and continued international scientific cooperation there. We invited 11 countries which had heretofore shown particular interest in Antarctica, including the Soviet Union. All of them have replied favorably.

We look upon the north polar region as another changing area which should be organized for peace.

Mr. Khrushchev has pointed out to us that "the air route over the northern polar regions is the shortest distance between the U. S. S. R. and United States of America and is therefore an important strategic area which has special significance in connection with the availability of rocket weapons."

That fact makes it the more imperative that these new routes of rapid communication shall be only peaceful and not carry threats leading to new fears, new armaments, and more preparedness.

We recently proposed to the United Nations Security Council to initiate in this area President Eisenhower's open skies proposal. We were supported by all of the members of the Council except the Soviet Union. We shall persist to assure that the new world of the Arctic shall be impressed into the service of peace, not of war. Our concept is so sound and just, and so much in the interest of all mankind, that we expect the Soviets to come to accept it, as they already accept the principle of reserving Antarctica for peace.

The organization of peace

5. Our most intensive efforts are those designed to create a world where peace is stably ensconced.

(a) The United Nations is, of course, a primary reliance, and it has well served the cause of peace. Through the collective action of its members, aggression in Korea was repelled. Through the United Nations, peace was restored in the Middle East.

We strive in all possible ways to invigorate the processes of the United Nations and have, under difficult circumstances, shown our loyalty to its principles. There are, however, built-in limitations.