of soil, water, and woodland and keep them productive for generations to come.

The spectors of eroded hillsides, worn-out fields and abandoned farms have been dispelled, for the most part, through the agricultural programs generated by the Congress. These programs have been based upon the sound concept that the basis of a strong agriculture is productive soil. How well we have succeeded to date is evidenced by the fact that the productive capacity of the agriculture of this Nation is second to none on earth. Our abundance has been felt the world over in the form of food for the hungry and cloth for the naked. We have been generous to the pleas of the past and surely we are but standing at the threshold of the future.

The agricultural conservation program has operated as a vital conservation partnership wherein farmers and the Government join together to perform the needed conservation work on the land, that is in the national interest as well as the interest of the farmer. This program is based on a very frank acceptance of the fact that while needed conservation pays a nation in the long run, many conservation measures do not offer returns to farmers that are attractive enough in the immediate future to get the needed amount of such practices applied, thus the ACP partnership.

As I drive about the country today, I see many farms on which owners or operators have, to some degree, solved their soil and water conservation problems with the help of the ACP and other conservation services. Generally these farmers are producing more and living better. They are paying more taxes. They are contributing more to make their communities stable and prosperous. All of us are sharing the benefits of continued abundant production that comes from those farms. However, lest we conclude that the job is done and the problems solved—preliminary data from the recently completed inventory of soil and water conservation needs, indicate that two-thirds of our farmland still needs conservation treatment. This being the case, I would like to go on record early in this session of Congress in support of a $250 million advance authorization for the ACP in 1963 in lieu of the $150 million requested in the President's budget.

(Mr. BOLAND (at the request of Mr. ALBERT) was given permission to extend his remarks at this point in the RECORD.)

[Mr. BOLAND'S remarks will appear hereafter in the Appendix.]

LEGISLATIVE PROGRAM

(Mr. HALLECK asked and was given permission to address the House for 1 minute.)

Mr. HALLECK. Mr. Speaker, I have asked for this time to inquire of the majority leader if he can tell us at this time, and if he cannot, we will all understand, as to the program for the balance of the week.

Mr. ALBERT. Of course, as the gentleman knows, the House was advised on yesterday that a resolution dealing with the reorganization plan creating a Department of Urban Affairs and Housing would be called up under a privileged resolution tomorrow. So far as I know that matter will be called up tomorrow. Beyond that, I have no statement to make with reference to the program for the balance of the week at this time.

Mr. HALLECK. I thank the gentleman.

PERSONAL ANNOUNCEMENT

Mr. LINDSAY. Mr. Speaker, on the rollcall vote in connection with the debt limit bill, I was unavoidably detained and could not be on the floor of the House. I ask that the RECORD show had I been present at that time on the floor, I would have voted for the rule.

BILL TO MODIFY THE LIMIT UPON THE DEDUCTION FOR ADDITIONS TO RESERVE FOR BAD DEBTS OF SAVINGS AND LOAN ASSOCIATIONS

(Mr. DERWINSKI (at the request of Mr. GOODELL) was granted permission to extend his remarks at this point in the RECORD.)

Mr. DERWINSKI. Mr. Speaker, it is becoming increasingly obvious that both the Congress and the public understand that mutual financial institutions should pay some additional taxes over their present payments and above those paid by their account holders on dividends. I feel that my proposal will not only bring in substantial tax revenue but it is fair and equitable for all mutual financial institutions, unlike the tax formula which the Treasury has suggested to the Ways and Means Committee.

Clearly the Treasury-suggested formula, which is based on the amount of an institution's growth in its mortgage account, will result in great unfairness. Under varying growth conditions small institutions might be paying large taxes, while big institutions paid virtually nothing. The formula would also cause inequities in various areas of the Nation where growth rate differs with the result that some institutions would be tax free, others burdened.

The bill which I have introduced for the consideration of the committee and all Members of Congress who are studying the question proposes a program which will produce some $175 million in tax revenues—on a basis which is fair and equitable to all concerned. As an example, in 1962 it proposes to raise $100 million from the mutual savings and loan associations and cooperative banks; $25 million from the private stock savings associations; and $50 million from the mutual savings banks whose assets are about two-thirds as large as those of the mutual savings and loan associations. In terms of total assets, mutual savings and loan associations account for $70 billion; stock associations $10 billion; and mutual savings banks $55 billion, 90 percent of which is in New York and Massachusetts.

Mutual savings banks will not be the source of as much a share of taxes due to their large holdings of tax-free municipal bonds and tax-free public housing bonds.

Mr. Speaker, the bill also takes into consideration the fact that there is every reason in public policy to provide a different type of taxation for the mutual financial institutions as compared to the guaranty stock associations which are prominent in California and Ohio and more recently in Maryland and Illinois. This difference in the two types of institutions was clearly and succinctly spelled out on pages 171 to 173 of the penetrating report of the Commission on Money and Credit. However, may I emphasize that the stock operation in Ohio is remarkably clean in comparison to the other three States.

This bill provides taxation for 25 percent of the net annual earnings of mutual institutions. This ratio is necessary to permit the transfer to loss reserves of funds sufficient to cover losses as is required by law and by State and Federal supervisory authorities.

Private stock associations are taxed in the same way as commercial banks and other private stock corporations. They are permitted to retain all reserves accumulated up to this time and they are allowed a tax-free debt reserve approved by the Secretary of the Treasury just as is provided for commercial banks.

I believe that this proposal will not only raise a fair and reasonable amount of tax revenue, but will also close the tax haven for private stock associations. It will also end the speculation in savings and loan holding company shares and the conversion of mutual institutions to stock associations for the benefit of a few insiders.

Mr. Speaker, this proposal is completely fair to the mutual savings and loan associations, cooperative banks, mutual savings banks and other financial institutions of a purely mutual character. Certainly the private stock savings and loan associations cannot object to being treated in the same tax manner as other American stock corporations.

PRIVATE ENTERPRISE VERSUS SOCIALISM IN SOUTH AMERICA

(Mr. CURTIS of Missouri (at the request of Mr. GOODELL) was granted permission to extend his remarks at this point in the RECORD.)

Mr. CURTIS of Missouri. Mr. Speaker, last year this Congress, at the request of the present administration, enacted into law a comprehensive foreign aid measure, known as the "Act for International Development."

This act embraces the administration's alliance for progress, under which the administration hopes Congress and private enterprise will provide assistance to the Republics of Latin America to the extent of approximately $2 billion per year for 10 years.

While that bill was under consideration, Members of the Congress were repeatedly assured by administration spokesmen that American private investment would play a strong and increasing role in bringing this needed

developmental capital to Latin America. In fact, the very preamble of the act states:

It is the policy of the United States to strengthen friendly foreign countries * * * by minimizing or eliminating barriers to the flow of private investment capital.

The events of this past weekend in Brazil raise serious questions as to whether the laws and policies we have so recently enacted in fact minimize or eliminate barriers to the flow of private investment capital to Latin America. These recent events create grave doubts as to whether the law, as enacted, adequately protects our private investment in Latin America. Further, it appears very doubtful that the administration intends to fulfill the policy in favor of American foreign investment which we incorporated in our aid legislation last year.

On Friday the government of one of the states of Brazil seized and confiscated a privately-owned and operated telephone company, a subsidiary of International Telephone & Telegraph Corp. At the time of the seizure the local officials publicly announced that they would pay only the equivalent of 400,000 American dollars for this property, an amount which is said to be only approximately 5 percent of its true worth.

There are several important things to note about this seizure. In the first place, the Government of Brazil and the state government immediately concerned have steadily refused to guarantee U.S. private investors against the confiscation of their properties. Under the law we enacted last year, the U.S. Goverment is given no new authorities to protect against this type of cold-war risk. Nothing can be done unless the country itself will agree to do so. And nothing in the act requires the administration to negotiate toward these ends as a basis for furthering the aims of the alliance for progress. Thus, we appear to have left our private investments at the mercy of foreign governments.

Secondly, our Government has thus far taken no step under the power it always has had to rescind or defer foreign aid to Brazil in order to bring about a reversal of this act of outright confiscation. Unless this is done, U.S. foreign aid, in effect, will help to finance the confiscation of private property belonging to American citizens.

On Saturday, our Department of State issued a public protest against the seizure. In this protest, our Government recognized Brazil's right to seize American properties, provided adequate compensation is paid. Why do we have to lead off with the idea that any amount of state ownership of productive facilities is quite satisfactory to us? Unless we are trying to encourage these nations to move further into economies at the expense of private enterprise? In addition, it is true, the protest deplored the seizure as contrary to the spirit of the alliance for progress since it would absorb Brazilian funds which might otherwise go into needed improvements and developments. But it failed entirely to convince the reader that our Government felt that socialism was an inferior system to private enterprise and accordingly would take some concrete steps to promote this idea and to discourage and frustrate these kind of seizures.

In my judgment, gentlemen, the State Department protest is an inadequate response to this flagrant takeover of American properties, particularly since, by implication of neutrality on our part, it invites Brazil and all other Latin American nations to use our aid to force American firms out of business in Latin America.

Third, while the act of confiscation was that of a state of Brazil rather than the national government, the latter did exhort the state officials to negotiate the confiscation price. Nevertheless, the national officials disclaimed any ability to really control the acts of their state officials. This raises further serious questions. Are our policies for aiding Latin America to be thwarted by such legalisms? I understand also that the pittance offered for the property—a mere $400,000—may not be convertible into U.S. dollars in any case and may have to remain in Brazil to be eroded by inflation, since Brazil has also refused to enter into a treaty guaranteeing the convertibility into American dollars of local curriencies owned by Americans.

Fourth, I call the attention of this House to the fact that at the very moment these outrageous events were taking place in Brazil our Government and the Government of Brazil were engaged in negotiations looking toward our granting to Brazil $1 billion in current foreign aid.

Fifth, we should not deceive ourselves into believing that we can win the cold war against the Communists in these contested lands by submitting to and so encouraging the political and economic actions which follow the theories of communism, not private enterprise and representative government of men such as Gov. Leonel Brizzola, of the State of Rio Grande Do Sul. The New York Times of Sunday, February 18 describes him as a leftwing nationalist, whatever that is.

I believe the Members of this House will agree with me when I say that it is now time to ask the administration some pertinent questions with regard to our aid policies. Are we going to continue to provide vast amounts of foreign aid to countries which breathe defiance and hostility against the theories of the private enterprise system and of representative government? Is it truly in the interests of the United States to provide foreign aid through the governmental officials of Latin American countries who follow Communist theories and who refuse—as did Brazil at Punte del Este—to even denounce communism in our hemisphere, and who, while clamoring for our aid dollars, use them to steal our private properties in defiance of the very policies which should be clearly laid down in the aid legislation?

But this is not the end of these apparently conflicting policies. Last year on the very heels of the administration's presentation of the aid program to this Congress, the administration brought to the Ways and Means Committee a series of tax measures which would further stifle the flow of private investment capital to underdeveloped areas such as Latin America.

These tax proposals would sharply increase U.S. taxes upon earnings derived from investment in Latin America, thus discouraging the making of needed new job-creating investments there. Chief among these measures, as they apply to Latin America, was the so-called gross-up. Worldwide in its application, this new tax measure, which reverses a U.S. income tax rule of more than 40 years standing, would have its greatest adverse impact in the less-developed areas such as Latin America. This is for the reason that corporate income tax rates in such countries are lower than the U.S. tax rate. Hence, any increased U.S. tax on the difference will have its greatest effect in retarding U.S. investments there. In substance, the gross-up proposal levies a new U.S. tax upon the amount of tax already paid out to the Latin American governments—a double tax, if you please—since it is imposed on moneys which can never reach our shores.

Serious doubt must exist over whether or not the Ways and Means Committee and the Congress will finally endorse a tax measure which flies directly in the face of an aid policy explicitly designed to engender more—not less—private capital investment in Latin America. Yet I can assure the Members of this House that the administration appears determined to continue to press this gross-up tax proposal with all of the lobbying tools at its command.

We now have a duty to ask the administration and they have a duty to provide a clear answer to the question: What rationale, what foundation of consistency, what ultimate logic lies in the espousal of these conflicting policies? A policy to stimulate capital flow to Latin America is utterly inconsistent with an aid program which tolerates and, indeed, finances the confiscation of American investments once they are made. What possible justification can conceivably exist for the imposition of a new burden of U.S. income tax upon the very American firms best equipped to help increase the flow of private investment capital to Latin America?

Gentlemen, the inconsistency and self-defeating nature of these policies is becoming apparent, an inconsistency made even more transparent by the sad event which took place in Brazil this past weekend.

I have concluded to press for specific answers from the administration to some of the profound questions raised by this seizure and the administration's current tax proposals. For this purpose, I am today directing a letter to Secretary of the Treasury Dillon. I do so for the obvious reason that he took the leading role for the administration in the presentation to the Congress of the aid program as well as these tax measures.

I hope the Congress will be given specific answers to the following questions, among others:

First. Is it not in the best interests of the United States to deny foreign aid to governments who engage in the confiscation of American properties?

Second. Is not such confiscation contrary to U.S. public interest even if full compensation is paid?

Third. Should the United States, through its foreign aid program, finance the takeover of American investments in Latin America, directly or indirectly?

Fourth. Should we not devise a system of guarantees against political and cold war risks which does not depend for its efficacy upon the whim of a foreign government? I refer specifically to guarantees against expropriation, inconvertibility, riot and acts of war which Brazil and other Latin-American countries have refused to adopt.

Fifth. What justification can possibly be shown for the enactment of new tax measures that will retard private investment in the underdeveloped countries, frustrating a policy which we enacted into law only last year?

Gentlemen, it is obvious that this Congress is being asked to enact a collection of inconsistent laws, including the tax proposals and the new reciprocal trade bill now pending before the Ways and Means Committee. The Congress is entitled to clear and concise answers to these questions from the administration before we proceed further to enact either the pending tax legislation, the reciprocal trade bill, or the pending foreign aid requests.

FARMERS REFERENDUM NOT A FAIR CHOICE

(Mr. SHORT (at the request of Mr. GOODELL) was granted permission to extend his remarks at this point in the RECORD.)

Mr. SHORT. Mr. Speaker, as I study the provisions of H.R. 10010, I am more and more concerned with the threats being made to farmers, the effect of which is: "If you don't buy my program, I will use the power of the Federal Government and the huge stocks of Commodity Credit commodities to make you wish you had. I will break your market."

Mr. Speaker, one of the salient features of the Agricultural Act, from the very beginning, has been outlined and revised in the Agricultural Act of 1949, as amended, and is known as section 407. The Congress very wisely anticipated that there might come a time when we would have a Secretary of Agriculture who was so intent on forcing his program on farmers that the power of the Commodity Credit and the Department of Agriculture would be used.

Thus, the language in 407 is very clear with regard to this matter. Of course, the broad powers given the Secretary of Agriculture for administering these programs can be used always as an umbrella or an excuse for doing a great many things that are very detrimental to farmers. However, let me quote a few lines from section 407:

> The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less that 5 per centum above the current support price for such commodity, plus reasonable carrying charges. * * * Nor shall the foregoing restrictions apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the Corporation's operations because of the small quantities involved, or because of age, location or questionable continued storability, but such sales shall be offset by such purchases of commodities as the Corporation determines are necessary to prevent such sales from substantially impairing any price-support program, but in no event shall the purchase price exceed the then current support price for such commodities.

The Department of Agriculture is about to make a laughingstock out of the referendum process. They say in the proposed legislation now before the Agriculture Committee—which is 106 pages of regulations for farmers—that "yes; we will give farmers an opportunity to vote in a referendum with regard to these programs we are proposing." But, let us consider for a moment the choices available to farmers in such a process. The Secretary of Agriculture, in this bill, says, in effect: "It will be my program or no program at all; and if you disapprove the program I am advocating, I shall dump on the market 10 million tons of surplus feed grains, which is an equivalent to about 357 million bushels of corn."

Mr. Speaker, to attempt to coerce corn and feed grain producers to vote for an unsound program through the threat of breaking the market by injecting at harvesttime—or any other time for that matter—large quantities of corn or other feed grains, is unheard of. I have observed these programs for many years—beginning with Henry A. Wallace in the 1930's coming through Mr. Wickard, the Honorable Senator Clinton P. Anderson, Secretary Brennan, Secretary Benson—and always the Secretaries have administered section 407 of the Agricultural Act of 1949 in a most satisfactory manner. They seemed to recognize that to cause farmers to try to compete with the huge stocks of CCC grain would be completely out of order and, in fact, would be violating the spirit and intent of the law.

This is not so in the current situation—because we have seen in 1961 the Secretary of Agriculture use Commodity Credit stocks, on the theory that they were out of condition, to dump on the market at harvesttime in 1961 in order to punish the so-called noncooperators and to try to make farmers believe they had better cooperate in the 1962 program.

Mr. Speaker, I think we must keep in mind that when we are talking about feed grains, we are not simply talking of the cash feed grain market but we are involved in a production that directly and indirectly affects more than 65 percent of the farm income. We are talking in terms of between $20 and $25 billion in the value of farm products sold as a result of the use of feed grains. And, I say to you again, that one of the most disturbing facets of this whole matter is the stated and deliberate attempt on the part of the Secretary of Agriculture to utilize the all-powerful centralized Government to force farmers into line. I am sure the Congress of the United States will not sanction such a procedure and will, in fact, pass legislation limiting his authority to utilize these stocks.

Yesterday, when appearing before the House Agriculture Committee, Secretary Freeman—in defending the provision in H.R. 10010 relative to selling Commodity Credit Corporation feed grains in the event farmers would turn down the Department's plan in referendum—stated that this was less authority than the Secretary has under present law. This is true with regard to the present temporary feed grain program, but not so far as wheat is concerned.

It would be impossible for a real free market to work with the Government liquidating its stock of surplus grain at the rate suggested in H.R. 10010, on the American market. I cannot see why these surpluses of both wheat and feed grain could not be disposed of overseas under the food-for-peace program instead of being dumped on the American market in competition with current farm production.

PROPOSED COLD WAR GI BILL TO PROVIDE EDUCATIONAL AND VOCATIONAL TRAINING BENEFITS

(Mr. ST. GERMAIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ST. GERMAIN. Mr. Speaker, the cold war GI bill which I introduced today will provide educational and vocational training benefits for more than 4½ million Americans who have served in the Armed Forces in the post-Korean period. Though there has been no sacrifice of American lives nor the great period of national suffering that accompanied the Second World War and the Korean conflict, the personal sacrifices and hardships endured during the cold war have been no less significant to the Nation.

The provisions of this bill are designed to restore, in part, the educational and other opportunities lost by the youth of the Nation who have been called upon to give a share of their lives for the defense of the Nation and its principles. The Nation can and should show its gratitude for the efforts of its citizen-soldiers during this period of stalemate and noncombative war. An opportunity should be given to these citizens to rejoin the mainstream of American life after their period of service. The college and vocational training provided under the provisions of this measure will assure these veterans that they have not lost the opportunity for higher education or training and that their careers have not been sacrificed because of their service to the Nation.

This measure is patterned after two of the most successful and far-reaching programs ever enacted by the Congress. The hundreds of thousands of Americans who benefited from the two previous GI bills are the basis upon which our pres-