The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill (H.R. 6237) was ordered to a third reading, read the third time, and passed.

CATALINA PROPERTIES INC.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 933, H.R. 2262.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 2262) for the relief of Catalina Properties, Inc.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 3, after the word "That", to insert "in accordance with the findings of fact of the United States Court of Claims in the case of Catalina Properties, Inc. v. The United States, Congressional No. 12–60, decided July 18, 1962,".

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the committee report in justification of the bill.

There being no objection, the excerpt from the report (No. 964) was ordered to be printed in the RECORD, as follows:

This bill directs the Secretary of the Treasury to pay to Catalina Properties, Inc., the sum of $29,425.01, representing the amount determined by the Court of Claims, pursuant to congressional reference, to be equitably due Catalina Properties, Inc. The bill provides that the above sum shall be in full settlement of all claims of Catalina Properties, Inc., against the United States arising from rental payments on the Catalina Hotel, Miami Beach, Fla., which were lost during the period from about December 15, 1952, to about March 15, 1953, because of inaction of certain officers and employees of the United States.

The provisions of this bill are identical with those of H.R. 12701 in the 87th Congress, which passed the House and Senate but did not receive Presidential approval.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

RECESS TO 1:30 P.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until 1:30 o'clock p.m.

The PRESIDING OFFICER. Is there objection?

There being no objection, at 12 o'clock and 47 minutes p.m., the Senate took a recess until 1:30 o'clock p.m. of the same day.

On the expiration of the recess, the Senate reassembled, when called to order by the Presiding Officer (Mr. MCGOVERN in the chair).

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

Mr. JAVITS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk resumed the call of the roll.

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

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

AMENDMENT OF FOREIGN AGENTS REGISTRATION ACT OF 1938

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the pending business, H.R. 287, be temporarily laid aside, and that the Senate proceed to the consideration of S. 2136.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2136) to amend the Foreign Agents Registration Act of 1938, as amended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations, with amendments, on page 2, line 17, after the word "any", to strike out "substantial portion"; on page 3, line 19, after the word "inserting", to insert "before the words, 'matter pertaining to', the words 'public relations' and"; on page 4, line 13, after the word "with", to strike out "respect to any matter pertaining" and insert "reference"; in line 15, after the word "or", where it appears the second time, to strike out "pertaining" and insert "with reference"; in line 16, after the word "the", where it appears the first time, to insert "domestic or"; in the same line, after the word "foreign", to strike out "or domestic"; on page 6, line 22, after the word "contributions", to strike out "made in connection with activities which require his registration hereunder which are required to be reported under the preceding provisions of this clause" and insert "the making of which is prohibited under the terms of section 613 of title 18, United States Code"; on page 7, line 20, after the word "mercantile", to insert a period; in the same line, after the amendment just above stated, to strike out "and inserting in lieu thereof the words 'financial, mercantile, or public relations'."; on page 10, line 25, after the word "section", to strike out "3" and insert "4"; in the same line, after "(g)", to insert "or (h)"; on page 11, at the beginning of line 23, to insert "(g) If the Attorney General determines that a registration statement does not comply with the requirements of this Act or the regulations issued thereunder, he shall so notify the registrant in writing, specifying in what respects the statement is deficient."; on page 12, line 2, after the amendment just above stated, to strike out "Whoever acts" and insert "It shall be unlawful for any person to act as an agent of a foreign principal at any time ten days or more after receipt of such notification without filing an amended registration statement in full compliance with the requirements of this Act and the regulations issued thereunder."; in line 7, after the amendment just above stated, to strike out the comma and "shall, without regard to any penalties provided in subsection (a) of this section, be punished by a fine of not more than $5,000 or by imprisonment for not more than six months, or both"; at the beginning of line 11, to strike out "(g)" and insert "(h)"; and on page 15, line 2, after "chapter 29", to insert "of title 18,"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Foreign Agents Registration Act of 1938, as amended, is amended as follows:

(1) Subsection (b) is amended to read as follows:

"(b) The term 'foreign principal' includes—

"(1) a government of a foreign country and a foreign political party;

"(2) a person outside of the United States, unless it is established that such person is an individual and a citizen of and domiciled within the United States, or that such person is not an individual and is organized under or created by the laws of the United States or of any State or other place subject to the jurisdiction of the United States and has its principal place of business within the United States; and

"(3) a partnership, association, corporation, organization, or other combination of persons organized under the laws of or having its principal place of business in a foreign country."

(2) Subsection (c) is amended to read as follows:

"(c) Except as provided in subsection (d) hereof, the term 'agent of a foreign principal' means—

"(1) any person who acts as an agent, representative, employee, servant or in any other capacity at the order, request, or under the direction or control of a foreign principal or of a person any of whose activities are directly or indirectly supervised, directed, controlled, financed or subsidized in whole or in major part by a foreign principal, and who directly or through any other person—

"(i) engages within the United States in political activities for or in the interests of such foreign principal;

"(ii) acts within the United States as a public relations counsel, publicity agent, information-service employee or political consultant for or in the interests of such foreign principal;

"(iii) within the United States solicits, collects, disburses, or dispenses contributions, loans, money, or other things of value for or in the interest of such foreign principal; or

"(iv) within the United States represents the interests of such foreign principal before any agency or official of the Government of the United States; and

"(2) any person who agrees, consents, assumes or purports to act as, or who is or holds himself out to be, whether or not pursuant to contractual relationship, an agent of a foreign principal as defined in clause (1) of this subsection."

(3) Subsection (d) is amended by striking out "clause (1), (2), or (4) of".

(4) Subsection (g) is amended by inserting before the words, "matter pertaining to", the words "public relations" and before the semicolon at the end thereof the words "of such principal".

(5) Such section is further amended by adding at the end thereof the following new subsections:

"(o) The term 'political activities' includes the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any other person or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country, or a foreign political party or with reference to the domestic or foreign policies of the United States.

"(p) The term 'political consultant' means any person, including, without limitation, any economic, legal or other consultant, who engages in informing or advising any person with reference to the political or public interests, policies or relations of a foreign country or of a foreign political party or with reference to the domestic or foreign policies of the United States."

SEC. 2. Section 2 of such Act is amended as follows:

(1) Subsection (a) is amended by striking out the second, third, and fourth sentences and inserting in lieu thereof the following: "Except as hereinafter provided, every person who becomes an agent of a foreign principal shall, within ten days thereafter, file with the Attorney General, in duplicate, a registration statement, under oath on a form prescribed by the Attorney General. The obligation of an agent of a foreign principal to file a registration statement shall, after the tenth day of his becoming such agent, continue from day to day, and termination of such status shall not relieve such agent from his obligation to file a registration statement for the period during which he was an agent of a foreign principal."

(2) Subsection (a)(3) is amended by inserting before the semicolon at the end thereof a comma and the following: "or by any other foreign principal".

(3) Subsection (a)(4) is amended by inserting before the semicolon at the end thereof a comma and the following: "including a detailed statement of any such activity which is a political activity".

(4) Subsection (a)(6) is amended by inserting before the semicolon at the end thereof a comma and the following: "including a detailed statement of any such activity which is political activity".

(5) Subsection (a)(7) is amended to read as follows:

"(7) The name, business, and residence addresses, and if an individual, the nationality, of any person other than a foreign principal for whom the registrant is acting, assuming or purporting to act or has agreed to act under such circumstances as require his registration hereunder; the extent to which such person is supervised, directed, owned, controlled, financed, or subsidized, in whole or in part, by any government of a foreign country or foreign political party or by any other foreign principal; and the nature and amount of contributions, income, money, or thing of value, if any, that the registrant has received during the preceding sixty days from each such person in connection with any of the activities referred to in clause (6) of this subsection, either as compensation or for disbursement or otherwise, and the form and time of each such payment and from whom received;".

(6) Subsection (a)(8) is amended to read as follows:

"(8) A detailed statement of the money and other things of value spent or disposed of by the registrant during the preceding sixty days in furtherance of or in connection with activities which require his registration hereunder and which have been undertaken by him either as an agent of a foreign principal or for himself or any other person or in connection with any activities relating to his becoming an agent of such principal, and a detailed statement of any contributions of money or other things of value made by him during the preceding sixty days (other than contributions the making of which is prohibited under the terms of section 613 of title 18, United States Code) in connection with an election to any political office or in conection with any primary election, convention, or caucus held to select candidates for any political office;".

(7) Such section is further amended by adding at the end thereof a new subsection as follows:

"(f) The Attorney General may, by regulation, provide for the exemption from registration, or from the requirement of furnishing any of the information required by this section, of any person who is listed as a partner, officer, director, or employee in the registration statement filed by an agent of a foreign principal under this Act, where by reason of the nature of the functions or activities of such person the Attorney General having due regard for the national security and the public interest determines that such registration, or the furnishing of such information, is not necessary to carry out the purposes of this Act."

SEC. 3. Section 3(d) of such Act is amended by striking out the words "financial or mercantile".

SEC. 4. Section 4 of such Act is amended as follows:

(1) Subsection (a) is amended by inserting after the words "political propaganda" the words "for or in the interests of such foreign principal"; and by striking out the words "send to the Librarian of Congress two copies thereof and file with the Attorney General one copy thereof" and inserting in lieu thereof the words "file with the Attorney General two copies thereof".

(2) Subsection (b) is amended by inserting after the words "political propaganda" where they first appear the words "for or in the interests of such foreign principal"; by inserting after the words "setting forth" the words "the relationship or connection between the person transmitting the political propaganda or causing it to be transmitted and such propaganda;"; and by striking out the words "each of his foreign principals" and inserting in lieu thereof "such foreign principal".

(3) Subsection (c) is amended by striking out the words "sent to the Librarian of Congress" and inserting in lieu thereof the words "filed with the Attorney General".

(4) Such section is further amended by adding at the end thereof the following new subsections:

"(e) It shall be unlawful for any person within the United States who is an agent of a foreign principal required to register under the provisions of this Act to transmit, convey, or otherwise furnish to any agency or official of the Government (including a Member or commiteee of either House of Congress) for or in the interests of such foreign principal any political propaganda or to request from any such agency or official for or in the interests of such foreign principal any information or advice with respect to any matter pertaining to the political or public interests, policies or relations of a foreign country or of a political party or pertaining to the foreign or domestic policies of the United States unless the propaganda or the request is prefaced or accompanied by a true and accurate statement to the effect that such person is registered as an agent of such foreign principal under this Act.

"(f) Whenever any agent of a foreign principal required to register under this Act appears before any committee of Congress to testify for or in the interests of such foreign principal, he shall, at the time of such appearance, furnish the committee with a copy of his most recent registration statement filed with the Department of Justice as an agent of such foreign principal for inclusion in the records of the committee as part of his testimony."

SEC. 5. Section 5 of such Act is amended by inserting after "the provisions of this Act," where they first appear the words "in accordance with such business and accounting practices,".

SEC. 6. Section 6 of such Act is amended by inserting the letter "(a)" after the section number and by adding at the end thereof the following new subsections:

"(b) The Attorney General shall, promptly upon receipt, transmit one copy of every registration statement filed hereunder and one copy of every amendment or supplement thereto, and one copy of every item of political propaganda filed hereunder, to the Secretary of State for such comment and use as the Secretary of State may determine to be appropriate from the point of view of the foreign relations of the United States. Failure of the Attorney General so to transmit such copy shall not be a bar to prosecution under this Act.

"(c) The Attorney General is authorized to furnish to departments and agencies in the executive branch and committees of the Congress such information obtained by him in the administration of this Act including the names of registrants under this Act, copies of registration statements, or parts thereof, copies of political propoganda, or other documents or information filed under this Act, as may be appropriate in the light of the purposes of this Act."

SEC. 7. Section 8 of such Act is amended as follows:

(1) Subsection (a) is amended by adding before the period at the end of paragraph (2) a comma and the following: "except that in the case of a violation of subsection (b), (c), or (f) of section 4 or of subsection (g) or (h) of this section the punishment shall be a fine of not more than $5,000 or imprisonment for not more than six months, or both".

(2) Such section is further amended by adding at the end thereof the following new subsections:

"(f) Whenever in the judgment of the Attorney General any person is engaged in or about to engage in any acts which constitute or will constitute a violation of any provision of this Act, or regulations issued thereunder, or whenever any agent of a foreign principal fails to comply with any of the provisions of this Act or the regulations issued thereunder, or otherwise is in violation of the Act, the Attorney General may make application to the appropriate United States district court for an order enjoining such acts or enjoining such person from continuing to act as an agent of such foreign principal, or for an order requiring compliance with any appropriate provision of the Act or regulation thereunder. The district court shall have jurisdiction and authority to issue a temporary or permanent injunction, restraining order or such other order which it may deem proper. The proceedings shall be made a preferred cause and shall be expedited in every way.

"(g) If the Attorney General determines that a registration statement does not comply with the requirements of this Act or the

regulations issued thereunder, he shall so notify the registrant in writing, specifying in what respects the statement is deficient. It shall be unlawful for any person to act as an agent of a foreign principal at any time ten days or more after receipt of such notification without filing an amended registration statement in full compliance with the requirements of this Act and the regulations issued thereunder.

"(h) It shall be unlawful for any agent of a foreign principal required to register under this Act to be a party to any contract, agreement, or understanding, either express or implied, with such foreign principal pursuant to which the amount or payment of the compensation, fee, or other remuneration of such agent is contingent in whole or in part upon the success of any political activities carried on by such agent."

SEC. 8. (a) Chapter 29 of title 18, United States Code, is amended by adding at the end thereof a new section as follows:

"§ 613. Contributions by agents of foreign principals

"Whoever, being an agent of a foreign principal, directly or through any other person, either for or on behalf of such foreign principal or otherwise in his capacity as agent of such foreign principal, knowingly makes any contribution of money or other thing of value, or promises expressly or impliedly to make any such contribution, in connection with an election to any political office or in connection with any primary election, convention, or caucus held to select candidates for any political office; or

"Whoever knowingly solicits, accepts, or receives any such contribution from any such agent of a foreign principal or from such foreign principal—

"Shall be fined not more than $5,000 or imprisoned not more than five years or both.

"As used in this section—

"(1) The term 'foreign principal' has the same meaning as when used in the Foreign Agents Registration Act of 1938, as amended, except that such term does not include any person who is a citizen of the United States.

"(2) The term 'agent of a foreign principal' means any person who acts as an agent, representative, employee, servant, or in any other capacity at the order, request, or under the direction or control of a foreign principal or of a person any substantial portion of whose activities are directly or indirectly supervised, directed, or controlled by a foreign principal."

(b) Chapter 11 of title 18, United States Code, is amended by adding at the end thereof a new section as follows:

"§ 219. Officers and employees acting as agents of foreign principals

"Whoever, being an officer or employee of the United States in the executive, legislative, or judicial branch of the Government or in any agency of the United States, including the District of Columbia, is or acts as an agent of a foreign principal required to register under the Foreign Agents Registration Act of 1938, as amended, shall be fined not more than $10,000 or imprisoned for not more than two years, or both.

"Nothing in this section shall apply to the employment of any agent of a foreign principal as a special Government employee in any case in which the head of the employing agency certifies that such employment is required in the national interest. A copy of any certification under this paragraph shall be forwarded by the head of such agency to the Attorney General who shall cause the same to be filed with the registration statement and other documents filed by such agent, and made available for public inspection in accordance with section 6 of the Foreign Agents Registration Act of 1938, as amended."

(c)(1) The sectional analysis at the beginning of chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"613. Contributions by agents of foreign principals."

(2) The sectional analysis at the beginning of chapter 11 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"219. Officers and employees acting as agents of foreign principals."

SEC. 9. This Act shall take effect ninety days after the date of its enactment.

Mr. FULBRIGHT. Mr. President, the bill before the Senate primarily reflects the progressively larger role in world affairs that the United States has had to play in the past 20 or so years. Particularly since World War II, American foreign policy has become a central point of reference to the policies and basic interests of virtually every nation in the world. Thus, the efforts to influence American policy have become correspondingly greater and subtler over this same period.

The Committee on Foreign Relations has for some time been aware of the growing tendency of foreign political and commercial interests to influence American policy by other than the conventional diplomatic representations. Besides the Department of State, the Congress has also been the object of the efforts of the domestic representatives of foreign principals to influence American foreign policy generally and specific areas of policy such as foreign aid legislation.

It should be understood that the committee's concern with this problem began long before certain of my colleagues and I sought to amend the sugar legislation and to curtail the influence of the so-called sugar lobbyists. The bill before the Senate, I repeat, is designed to assure, as far as possible, the public disclosure of all persons acting for or in the interests of foreign principals whenever their activities are entirely or partly political in nature.

I emphasize the fact that the bill does not prohibit the representation of foreign principals, but merely requires, and its objective is to require, the public disclosure of that fact.

As such, the committee believes that the bill will enable the Department of Justice to cope more effectively with a problem that has changed considerably since 1934, when the first Un-American Activities Committee was established to investigate Nazi and other subversive propaganda then being circulated in the United States.

As a result of its findings, this committee, chaired by the distinguished Speaker of the House of Representatives, Congressman JOHN W. MCCORMACK, reported a series of legislative recommendations that resulted in the passage in 1938 of the Foreign Agents Registration Act. The first, and primary, legislative recommendation of Congressman MCCORMACK's committee was:

That the Congress shall enact a statute requiring all publicity, propaganda, or public relations agents or other agents who represent in this country any foreign government or a foreign political party or a foreign industrial organization to register with the Secretary of State of the United States, and to state name and location of such employer, the character of the service to be rendered, and the amount of compensation paid or to be paid therefor.

Since passage of the act, it has been amended twice, and in 1942 jurisdiction was transferred from the Department of State to the Department of Justice. However, the object of the statute remains as originally set forth by Mr. MCCORMACK's committee.

The Committee on Foreign Relations instructed the staff in the spring of 1961 to undertake a survey of certain nondiplomatic activities that had attracted the committee's attention. As a result of questions raised by this initial survey, a broader study was undertaken by the staff in order to determine if a full committee investigation would be advisable. Following upon this additional survey of the problem the committee decided in July 1962 to report Senate Resolution 362, which authorized "a full and complete study of all nondiplomatic activities of representatives of foreign governments, and their contractors and agents, in promoting the interests of those governments and the extent to which such representatives attempt to influence the policies of the United States and affect the national interest."

At this time, the committee also issued a preliminary study which illustrated the kinds of activities in which nondiplomatic representatives of foreign governments have been engaged. This study included, anonymously, some actual cases, which I will insert in the RECORD at the end of my remarks. But a few of them I will read at this point:

In 1961, a foreign government's U.S. public relations firm whose registration statement indicates it was hired to promote tourism filmed nine newsreels, seven of which dealt with political events within the foreign country. The news films were distributed to major U.S. newsreel companies and shown in theaters across the country with no indication to the audiences that the films were paid for by the foreign government.

In 1955, the Washington editor of a monthly national magazine received money from a foreign government for public relations work on their behalf. During the period he wrote at least one article on that particular country for his own magazine. In addition, he served as a paid consultant to a congressional subcommittee which was making a study of political activities within the country he represented.

In 1961, the U.S. public relations firm for a foreign client gave financial support to an American committee of nationals from the country involved. The chairman of this committee, who received a weekly salary from the public relations firm, led a delegation to Washington to complain about U.S. policy toward his former homeland. He contacted Members of Congress and officials at the White House and Department of State, but failed to disclose during these meetings that he was receiving funds from a foreign principal.

In 1959, a private American organization requested the congressional delegation of a large eastern State to answer a mailed questionnaire dealing with a controversial foreign policy issue that involved a government allied to the United States. The American organization did not disclose to the Senators and Congressmen the fact that the questionnaire they were requested to answer had been drawn up by a lawyer who represented the foreign nation involved. Nor did the organization inform the legislators that their replies were to be passed on to the foreign country's diplomatic representatives in the United States.

In 1959, officers of a major U.S. radio network signed an agreement with officials of a small Caribbean republic calling for the network to carry a "monthly minimum of 425 minutes of news and commentary" about the foreign country. News material was to be supplied by the foreign government and the network officials agreed not to broadcast anything inconsistent with the foreign government's best interests. For 18 months of this service, the foreign government paid the network officials $750,000. The deal collapsed shortly after it was signed when the top network official involved resigned from office.

In 1956, a New York City law firm hired as general counsel for legal matters in the United States for a foreign government helped arrange a special presidential economic mission to its client country.

Following Senate approval of this resolution, the committee undertook a still more comprehensive investigation, with additional staff assisted by accountant-investigators supplied by the General Accounting Office and with the cooperation of the Justice Department and the State Department.

As indicated in the committee report, "some 250 registration statements on file with the Department of Justice were reviewed and 50 were chosen for closer review. From these 50, 15 individuals representing 9 registrants were called to testify before the committee in executive hearings. Their selection was not made because they were necessarily typical of the majority of nondiplomatic agents. Rather, they were chosen because the types and sometimes obscure patterns of their activities represented, in the judgment of the committee, violations of the spirit and purpose of the Foreign Agents Registration Act. It was from a study of such situations that the committee hoped to determine legislative needs as well as suggested changes in executive agency procedures and safeguards."

In January 1963, the committee reported favorably Senate Resolution 26, which expanded the committee's study to include the activities of agents with nongovernmental foreign principals. Throughout the year, the committee held public and executive meetings both with public officials and registered agents.

The chief provisions of this bill would have the effect of:

First. Giving the Attorney General power to enjoin an agent from acting for his foreign principal if the agent's filings with the Department of Justice are found to be inadequate. Under present law the Attorney General could only seek to prosecute agents under a criminal provision if their registration was inadequate.

I believe that perhaps this is one of the most important sections in the bill. Our investigation indicated that because of the severity of the remedy carried in the existing law, the Department of Justice has found it very difficult to enforce the law and, in a sense, have been deterred from enforcing the law, because of the feeling that it cannot obtain a criminal conviction when there is a failure of such a person to file adequate reports. Therefore, I believe, as a matter of administration and of obtaining compliance, that this first provision, giving the Department injunctive power, is probably one of the most important sections in the bill.

Second. Requiring an agent to disclose his foreign principal in all communications with agencies and officials of the U.S. Government, including Members of Congress.

I am sure Members of the Senate remember that one of the most notorious lobbyists appeared before committees of Congress and, I am sure, spoke directly with Members of Congress, without revealing his interest in a particular legislative proposal. I am confident that members of my committee, including myself, did not know—I certainly did not know—of the relationship of one of these men, who was the subject of further study, and of his interest in the legislation.

Further, the agent would be required to file a copy of his last previous registration statement at any time he testifies before congressional committees on behalf of his foreign principal.

If that provision had been in the law at the time I spoke of, when the subject involved the Philippines, I am confident that the result would have been different.

Third. Prohibiting an agent from soliciting campaign contributions from or acting as a conduit for campaign funds from foreign principals. The amendment further requires that all foreign agents file a report of campaign contributions made with funds other than those directly received from their foreign principal.

Fourth. Prohibiting contingent fee contracts between agents and foreign principals.

Fifth. Defining with greater precision the persons whose political activities in this country on behalf of foreign interests require registration.

In general, the bill is intended to enable the Department of Justice to regulate more effectively those activities which the statute is designed to cover. The bill is also intended to exempt those activities with a genuine commercial purpose which is served by other than political activities.

I emphasize this because I think there is some misunderstanding of this aspect of the proposed legislation. The existing law restricts exemptions to financial and mercantile activities. The committee believes that in addition to these activities, legal, public relations, and other activities should be exempted where their objectives are strictly commercial and where these objectives are advanced by nonpolitical means.

Some American businessmen have expressed concern that, while the commercial exemption provision is broadened by the committee bill, it could nevertheless require registration by representatives of domestic subsidiaries of foreign parent corporations or foreign subsidiaries of domestic parents which do no more than carry on normal commercial activities involving contacts with the Government. Let me make unmistakably clear the committee's strong view that all activities of agents or foreign principals that are not political in nature can and should be exempted.

The committee went to some length in its report to dispel any doubt on this point. During the hearings on the bill last November, I asked Mr. Katzenbach for the Justice Department's view of the application of the act, as presently written, to foreign subsidiaries of domestic parent corporation, and more specifically to the question of whether the activities of a particular agent can be determined to be on behalf of a foreign subsidiary or its domestic parent. Mr. Katzenbach replied:

> You have to assume, first, that none of the exemptions apply to this particular activity. Most of these, I suspect, are within the commerical exemption.

He went on to say:

> I think that really in this sort of instance one can go along fairly well on form. If you are acting for and being paid by the foreign subsidiary of a domestic corporation that in itself ought to really be enough, and I would think there is no particular advantage to the Government in that instance in piercing corporate veils or attempting to decide which way it would be done. I think the more difficult cases are those in which you are acting on behalf of and paid by the American entity, whereas the activities really are more closely related to the foreign subsidiary. I think that is the more difficult case, and I suspect one could get by in that instance, in most instances, without a registration.

Mr. Katzenbach, it should be emphasized, was addressing himself to existing law, not to the committee amendment, which, as I have indicated, significantly broadens this commercial exemption. That fact is that all of those who might conceivably have to register under the committee bill are already required to do so under the much broader existing law.

Some of the businessmen who have not yet been reassured on this question submitted to the committee staff a list of examples of the kinds of activities carried on by agents of foreign subsidiaries of domestic parent corporations and the domestic subsidiaries of foreign parent corporations that they fear might fall within the scope of the bill. With respect to domestic parent corporations, it seemed clear that none of the examples, as set forth, would require registration. With respect to domestic subsidiaries of foreign parent corporations, some of the examples seem clearly exempt, while some others would—and should—require registration under both existing law and the committee bill.

What the committee has sought to exempt are routine commercial activities designed to reach commercial objectives. It has not, however, exempted political activities designed to reach commercial objectives.

Mr. President, the bill before us, as indicated, is the product of more than a year of investigation and study. We have heard a great deal in the past about the powers of Congress to investigate and the purposes to which such investigations are put. I strongly believe that we have a responsibility to study areas in which activities undertaken by individuals may harm the public interest. Such investigations should be directed, however, toward those areas where the harmful activities are either untouched by existing law, or inadequately covered. The responsibility of the Congress is to determine in such cases whether new or amended statutes are required.

Where harmful activities are already covered by the law, or where they are beyond legislative remedy, the responsibility for regulating them rests elsewhere. Clearly, a law is only as effective as its enforcement, and the committee, as indicated in the report, "is encouraged by testimony that cooperation between the executive departments has increased with regard to enforcement of the Foreign Agents Registration Act and circulation of information disclosed under the act."

An inherent part of the problem of regulating the activities of nondiplomatic agents of foreign interests is the public's right to know the source of material inspired by foreign agents and conveyed by the mass media. The first amendment guarantees freedom of the press, but only the press itself can make the public aware of the source of material which it may convey to the public, but which originates with representatives of foreign interests.

The committee's hearings disclosed a number of cases of what one prominent editor characterized as "corruptions" of our mass media. Again, only the press, perhaps behind the urging of the public and the Congress, can take whatever steps are necessary to meet its public responsibilities in this sensitive area.

Mr. President, as I have tried to indicate, the scope of our country's oversea commitments and responsibilities are unique. More than that, they are vital to our own and to the security of the free world. The responsibility to see that American foreign policy is adequate to its responsibility is a collective one. The officials responsible for our policies must rely on the informed support of those whom they govern. The bill is basically intended to serve that purpose.

I strongly urge that the Senate act favorably upon the bill.

Mr. JAVITS. Mr. President, I have listened with the greatest of interest to the development by the distinguished Senator from Arkansas of the amendments to the Foreign Agents Registration Act. The Senator from Arkansas has given the subject much attention, as has the committee of which he is the chairman, in developing the bill.

As he himself noted in his presentation, the bill involves serious fundamental questions. He stated the problem, and I think his language is as good as any on what the problem is. He said—and I believe my recollection is fairly accurate—that the bill seeks to exempt from registration anyone who pursues routine commercial activities designed to reach commercial objectives.

He said the bill seeks to bring about the registration of those who would engage in commercial activities to reach political objectives.

The only trouble with that definition is that it leaves out a large number of people and a great number of situations, because many commercial activities seek to reach objectives which are mixed economic and political objectives; and the test which is prescribed by the bill, as its intent is described in the committee report, would clearly bring about a requirement for registration in many situations in which, in my judgment and in the judgment of many in the commercial world, there is no intention whatever to bring about such registration.

I shall, in the course of these remarks, specify in detail many of those situations, and I also shall submit an amendment which I believe will clarify the limitations of the statute.

To begin with, I point out that I agree with the statute. I favor the registration of foreign agents in an effective way, so as to close the loopholes; but in the process of closing those loopholes, I do not believe we can engage in an unrealistic appraisal of actual practices of business concerns which are genuinely American businesses.

The report is significant on this score; insofar as the subject matter which I am raising is concerned, the report deals with a description of what is intended to be accomplished by section 3 of the bill. I read from the report as follows:

> Section 3 would amend section 3(d) of the act by exempting all activities with a bona fide commercial purpose which are private and are not political activities. The existing provision appears inadvertently to have been narrowed from its original scope by an amendment adopted in 1961, which restricted exemptions to financial and mercantile activities. The committee intends that legal, public relations, and other activities should be exempted when they have a commercial end and meet the other requirements of the section. The extension is not intended, however, to exempt activities having a bona fide commercial end but which employ political means to arrive at that end as, for example, in the case of the representative of a foreign manufacturer who brings pressure on the Department of Defense to reverse a "buy American" policy.

Then the report deals with exactly this point, on page 12; I shall refer to it, because it is very important:

> Both this subsection and the preceding subsection, as well as others in the proposed bill, employ the phrase, "for or in the interest of" the agent's foreign principal. It is, of course, recognized that thorny questions of interpretation will arise under these provisions. In situations involving complex corporate structures, it may prove difficult to make a factual determination as to whether certain material serves the interests of a foreign principal. The registered agent of a foreign corporation may also perform services for the corporation's domestic affiliate.

I digress here for a moment, to point out that there are American companies which have foreign subsidiaries and foreign affiliates, as there are also foreign companies which have American subsidiaries and American affiliates which are very American in their ownership and in their line of business. These are the problems with which we feel the bill deals unrealistically.

I continue reading from the report:

> Conceivably, booklets and news releases disseminated by the agent on behalf of the domestic affiliate may appear to some to fall within the scope of the proposed language; others may reach a different judgment. Clearly, this is not a question for which the law can establish strict criteria. However, the Department of Justice has stated that it is prepared to advise on hypothetical situations in order to help to resolve uncertainties under this and other provisions of the act. It is also clear that the authority for determining the scope of the language "for or in the interest of a foreign principal" lies with the Department of Justice, not the registrant. For example, the mere assertion by a registrant that a letter from him to a newspaper editor is not "for or in the interest of" should not decisively affect the judgment of the Justice Department, assuming, of course, the letter in question bears on matters of interest to the registrant's foreign principal.

To show how thorny this subject is, I continue to read from the committee report on page 12, the second paragraph:

> In the situation where an agent of a U.S. parent corporation acts as agent for a foreign subsidiary or where a foreign corporation establishes an American subsidiary, the committee recognizes that the interests of the parent and subsidiary are not invariably the same. Where in either of these cases the domestic affiliate or agent engages in political or other activities covered by the act, the predominant interests served—

And I beg Senators to take note of those words—

> will in every case decide the question of registration. For example, the question of a U.S. parent's ability to repatriate profits earned by its foreign subsidiary is predominantly in the interests of the parent rather than the oversea subsidiary. Likewise, questions arising under the National Labor Relations Act affecting the domestic subsidiary of a foreign parent would probably be predominantly in the interests of the local subsidiary to resolve.

Therefore, by implication, although the committee does not say so, one would assume that in those situations registration would not be required. The significance of those two examples is that they show cognizance on the part of the committee, as well as on the part of the drafters of the proposed legislation, of the fact that there are situations which do not represent the preponderant interest in a foreign subsidiary by an American company and, likewise, situations which do not represent the preponderant interest of a foreign principal in a subsidiary of that foreign corporation.

Now we come to the point where the shoe pinches:

> Where, on the other hand, the local subsidiary is concerned with U.S. legislation

enlarging the U.S. market for goods produced in the country where the foreign parent is located (as in the case of sugar quota legislation, for example) the predominant interest is foreign. Likewise, where the foreign subsidiary of a U.S. parent is concerned with U.S. legislation facilitating investment or expansion of production abroad the locus of the interest will, also, as a general rule, be predominantly (even if not ultimately) foreign.

The first question which suggests itself is this: What about the local subsidiary of a foreign corporation concerned with U.S. legislation relating to sugar produced in this country?

This is the point which has caused many of the major corporations of the United States to be cast in deep doubt about this matter, and has caused the Chamber of Commerce of the United States to have grave questions about this matter, which is the reason for the amendment which I shall propose.

I point out that the best one can say for the committee report is it proposes that the Department of Justice shall decide whom it will prosecute and whom it will not prosecute under this particular measure.

Mr. FULBRIGHT. Mr. President, at that point, will the Senator from New York yield?

Mr. JAVITS. I should like to finish, first.

That decision, on the basis of the so-called predominant interest theory—that is, what is the predominant interest in every case—is causing grave questions to arise in the Department of Justice. Anyone who has antitrust-law experience wishes to know when the Department will act and when it will not act, according to its authority under certain laws. It can be appreciated why American business feels that it will be placed in great jeopardy if this matter is allowed to reach the point where there always will be a question as to whether the Department of Justice will or will not act in a particular case, thus involving such businesses in many borderline situations, a whole list of which I propose to read to the Senate.

Mr. FULBRIGHT. In order to pinpoint this matter, does the Senator from New York maintain that the bill covers areas that are not covered by existing law?

Mr. JAVITS. I believe that, under existing law, there has been established a pattern which enables many of these activities to continue—and they are continuing—free of registration. It is felt that with the proposal which is now before Congress, and with the interpretation placed upon that statute by the committee itself, many of these activities will be caught within the net of the new law. That is the reason for the desire to amend it in order to deal with these specific factual situations.

Mr. FULBRIGHT. I state to the Senator that it is my belief—and I think it is the committee's belief—that the exemption provision is broadened by the committee bill. If the activity the Senator describes or proposes to describe is presently exempt, I think it will be clearly exempt under the bill.

What I think the Senator is suggesting is that, perhaps because of lax enforcement today, many people have been doing something in violation of the law, in that they have not registered; and they think that because this bill provides for more effective methods of enforcement, such as the injunctive process, the law will henceforth be enforced more rigorously. Is that the correct conclusion to be drawn from the Senator's statement?

Mr. JAVITS. That is completely incorrect. I cannot agree with the Senator that the Justice Department can be indicted because it has been lax and has not made people register. In my judgment, it is fair to assume—and it is the only assumption that can be made—that it has not believed that such people should register. The way in which the committee is setting up the ground rules for this particular statute is new; it introduces provisions not heretofore in the law. Under these criteria, which I have read with great care, there is very real concern that activities never intended to be reached by the bill will nonetheless be reached.

For that reason, it is felt that some clarification is required. I think the Senator has had this whole question discussed with him by me and by others. But so far we have seen no light cast on these situations, which, as I have said, I shall describe in some detail, and which perhaps represent the twilight zone. I can understand that situation perfectly—as between what the Senator defined in his opening remarks as the commercial objective, and what seems to be defined in the bill as a political objective.

We are dealing not so much with a political objective alone. It seems to me that the Senator has emphasized the political objective. It is true that we are dealing with a political objective, but we are also dealing with foreign principals. This is the Foreign Agents Registration Act, not merely a lobbyist registration act. I think what needs to be clarified is that both of these concepts—that is, the concept of a political activity and the concept of a political activity pursued for the benefit of a foreign principal are areas in which I think it is very necessary to have the law spelled out in much more specific terms than has thus far been done.

Mr. FULBRIGHT. The whole purport of the committee report and the discussion of the committee is not that we shall bring in added registrants and require the registration of those not now registered. The existing law with respect to criminal penalties is, I think, very strong with respect to those required to register. What really concerns the committee is that those who do register do not disclose adequately what they are doing. That is the thrust of the bill and of the report.

One of the most important elements in the bill is the injunctive power given to the Justice Department with respect to the adequacy of the registration. If one chooses not to register at all, that is a willful violation; and he would be subject to criminal penalty, under the existing law, as well as under the bill. It seems to me that the committee broadened the exemption by the slight change in language to which the Senator referred, from the financial and mercantile exemption to a broader concept, the language of which the Senator just referred to. It is a little broader.

Mr. JAVITS. The language is "financial and mercantile."

Mr. FULBRIGHT. We are talking about exemption, not coverage. The exemption in the law is a narrower concept than the language in the bill now, which reads:

> Any person engaging or agreeing to engage only in private and nonpolitical activities.

This is an exemption, I submit in all fairness, that is broader language than what is contained in the existing law. To be exempt under the present law, a person must engage or agree to engage only in activities which are financial or mercantile and which are also both private and nonpolitical. Under the bill, it will suffice if the activities are private and nonpolitical, even though they may not be financial or mercantile. I think the committee was trying, not to broaden the scope of activities which require registration, but really to make the registration more sufficient than now required.

Mr. JAVITS. Often a bill designed to catch a felon will catch an innocent victim. The way the committee has interpreted the particular provision which it is now inserting—which is new language—means, in my judgment, and in the judgment of people who have a great deal at stake in this matter—and I have named who they are; there is no secret about it, as the Senator well knows—that this arrow will miss the target, and will hit a completely different target. I suggest to the Senator that we have tried very hard to agree upon what should be the thrust of the bill.

If the Senator would hear me on some of the examples which have been referred to, then perhaps it might be possible to refine the issues, in order to give assurances which appear to be lacking in the language of the bill and in its interpretation as contained in the report.

I wish to give some of these examples, which have been furnished to me. They are typical situations. It is claimed that registration might be required—although, from what the Senator says, this is not so at all.

All of us are very well aware that hundreds of American companies—businesses engaged in the production of oil, automobiles, aluminum, steel, and other metals; also chemicals, rubber, office equipment, and in the international telephone business—operate abroad in a very widespread field. If my memory serves me, we have approximately $70 billion invested in direct investments throughout the world in many of these operations. Here are some of the instances which are submitted to me as being placed in jeopardy by the way in which the statute is interpreted in the committee report. The U.S. oil companies' international operations would like the Interior Department to increase the import tax on residual fuel oil

Among the major beneficiaries would be its subsidiary in Venezuela, where production would be increased. Nevertheless, a great beneficiary would also be the American company concerned.

Another example is an automobile company which has a German subsidiary which assembles and markets cars in Europe. The Germans propose a tax on horsepower, which would have the effect of discriminating against cars of the type handled by subsidiaries of U.S. companies, but would benefit smaller German cars. The parent company wishes to discuss the subject with the State Department. That is, an American company seeking to discuss the question with the State Department, so that the State Department might intervene to prevent a subsidiary of the American company from being discriminated against.

A Brazilian subsidiary of a U.S. utility is threatened with expropriation or with unfair competition from a government-owned company. The parent wants to familiarize the executive branch and the Congress with this situation.

An American cosmetics company, with a French subsidiary which manufactures perfume, wants to testify in behalf of lower U.S. excise taxes on cosmetics. If the excise tax were lowered, a principal beneficiary would be the French perfume subsidiary, whose production would increase.

An American electrical appliance manufacturer, interested in increasing its capital investments in its subsidiaries in Latin America, wishes to see the U.S. investment guaranty program strengthened and desires to present its case to the executive branch and to members of the appropriate congressional committees. The investment guarantees would apply, of course, to the foreign subsidiaries.

An integrated American aluminum company, obtaining its raw material, bauxite, from a subsidiary incorporated abroad, is alarmed by the threat of a tariff that would decrease its foreign production and wants to express its views to members of the executive branch and the Congress.

An American metal producer markets in various parts of the world through foreign subsidiaries. It finds that the Russians are killing the market in certain countries by dumping the metal, for political reasons, and it wants to speak to officials in the executive branch.

A U.S. computer manufacturer incorporates a manufacturing subsidiary in Belgium in order to better compete in the Common Market. It wishes to bring a number of Belgians to this country to familiarize them with a new line of products, and desires to facilitate visa arrangements with the Justice Department. The beneficiary would be a foreign national.

An American chemical company wishes to expedite an export license at the Commerce Department for some materials urgently needed at the plant of its subsidiary in Central America.

An American rubber company has a European subsidiary which manufactures tires. The subsidiary wants to begin marketing its production in certain African countries, and asks the parent to obtain information from the Commerce and State Departments about U.S. attitudes toward private investments in that area, political conditions, marketing data, and so forth.

There are other examples. The Senator from Minnesota [Mr. HUMPHREY] and I have been very instrumental in the establishment of a great private investment company known as ADELA, the Atlantic development group, which is going to be incorporated in Luxembourg. A very large number of the investors in that enterprise will be American. The preponderant investment will be here.

Interestingly, under the proposed bill, none of these activities would require registration if the foreign operations were conducted through a branch. If, however, the foreign operation is conducted through a subsidiary, registration would appear to be required.

Then there are a great many very important foreign companies which have subsidiaries in the United States. The activities of such subsidiaries might be very, very much confined to the benefit of the subsidiary. A number of examples are as follows:

First. Contacts with the executive branch or the Congress on tariff legislation, or appearances before the Tariff Commission concerning trade negotiations.

Second. Discussions with appropriate Government officials concerning disposals from the strategic stockpile which could affect the U.S. market for various materials.

Third. Meetings with Internal Revenue Service on the application of various U.S. taxes to the domestic subsidiary.

Fourth. Discussions with the Food and Drug Administration regarding a spice which a U.S. subsidiary imports from a foreign parent and wishes to use in a food product marketed in this country.

Fifth. Negotiations with the Customs Bureau concerning the proper tariff classification of an imported product.

Sixth. Appearances before executive agencies and the Congress on customs simplification matters.

Seventh. Informing the foreign parent on discussions held with the Council of Economic Advisers concerning possible U.S. Government actions to increase interest rates or to enforce the wage-price guidelines.

Eighth. Discussions with the State and Commerce Departments concerning U.S. attitudes toward trade with the Soviet.

Ninth. Discussions with the State Department concerning interpretation of tax treaties.

Tenth. Representations concerning the effects of Federal excise taxes on markets in the United States for a product whose raw materials are supplied by the foreign parent.

Eleventh. Attempts to combat a drive to impose burdensome labeling requirements on imported products.

Indeed it is claimed that there really was not presented during the committee's investigation any evidence indicating any necessity to require registration by legitimate companies, primarily American in their ownership and base, conducting normal liaison relations with the U.S. Government on subjects of basic commercial importance.

I think that is borne out, as I have said, by the phrase which I found in the presentation of the Senator from Arkansas [Mr. FULBRIGHT], which seemed to me so clear. I think if the Justice Department really follows out that intent, and, in view of all the examples which I have stated, requires registration as a foreign agent of persons who engage in commercial activities in order to reach objectives which may be partially political—almost any American business pursues those objectives all the time—we shall indeed have a very much broader registration requirement than we have now, and there will be considerable jeopardy to the individual companies, in that regard.

In order to incorporate in precise language what I have in mind, I send to the desk an amendment to the bill, and ask that it be stated by the clerk.

The PRESIDING OFFICER (Mr. MCINTYRE in the chair). The Chair informs the Senator from New York that his amendment will not be in order until the committee amendments are agreed to.

Mr. JAVITS. 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. FULBRIGHT. 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 committee amendments.

The amendments were agreed to.

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

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

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

The LEGISLATIVE CLERK. On page 3, in line 17, it is proposed to insert, after the words "amended by", the words "inserting a dash after the words 'does not include' and adding thereafter '(1)', by"; and on page 3, line 18, to delete the period at the end thereof and add thereafter the following: ", and by adding at the end of subsection (d) the following:

"'(2) any corporation, or any officer, director, employee, servant or attorney of any corporation organized under or created by the laws of the United States or of any State or other place subject to the jurisdiction of the United States having its principal place of business within the United States which is at least 80 per centum owned as of record by citizens of the United States and which is regularly and primarily engaged in bona fide commerce, industry, or finance, solely by virtue of activities of any such person in furtherance of the bona fide trade or commerce of any bona fide business corporation or other similar association or organization or combination of persons

"'(i) directly or indirectly at least 50 per centum beneficially owned, or

"'(ii) owned by not more than 20 persons and directly or indirectly at least 5 per centum beneficially owned

by the corporation engaging, or the corporation the officers, directors, employees, servants, or attorneys of which engage in such activities.' "

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

Mr. JAVITS. Mr. President, I realize we have a problem; yet I believe the bill requires amendment, because certainly the problem is not met by the bill. I say that for this reason. The amendment is, for all practical purposes, an assertion that as for businesses and activities which are substantially owned in the United States, the act shall not apply in terms of foreign agents' registration. That is a generic exemption of a whole class of companies and people.

What the Senator from Arkansas and the committee have been saying is, "Let us seek to exempt a class of activity, that class of activity to be defined within very broad permissive provisions that the act contains."

It can be very easily understood why the people and the corporations concerned are unwilling to submit themselves—and there are a number of them, many of them with great complexities—to this determination by the Department of Justice on a case-by-case basis. One example very opposite to this situation is the antitrust laws. At the same time, it can be easily understood why the committee feels that in some cases even an American principle may be acting for itself, or acting as a subsidiary of a foreign corporation, or acting as the parent of a foreign corporation, and may engage in an activity which comes within the confines of the statute.

The real problem which has been raised is due in the first place, to the effort to regulate, by registration, something which probably is very difficult to regulate; and, second, due to the way in which the committee in its report has set a standard of judgment based upon predominant interest, a criterion which is extremely hard to get to.

I would suggest—and I know the chairman of the committee is wrestling with these questions—this possibility to the chairman: I would say that where there is a very heavily predominant interest in the United States, we deal with it in a specific way. The major part of my amendment deals with 80-percent ownership by Americans. It may very well be that the only way in which this Gordian knot can be cut is to provide that, in the case of an American company which has a very substantial interest in a foreign subsidiary, for the purpose of this statute such a corporation shall be considered as an American company, and not acting for a foreign principal. On the other hand, if a foreign company has an American subsidiary, it would have to be very substantially owned in the United States in order to avoid foreign-agent registration.

Therefore, I suggest to the Senator from Arkansas the possibility of agreeing upon some practical percentage which would make a generic exemption, on the ground that for the purpose of this registration statute it would be necessary to have some rule of thumb other than the uncertain definition of the Department of Justice.

For example, we could provide that an American company would be considered an American company, no matter what it did in this field—even if it were to act in the interest of a foreign subsidiary—provided the foreign subsidiary was two-thirds beneficially owned by the American company.

That is a very high percentage because partnerships and joint ventures abroad often proceed on a 50–50 percent basis. Such a company might well be considered as substantally owned in the United States. Suppose we were to provide, in reverse, that when we are dealing with an American subsidiary of a foreign company, that company would have to be 50 percent beneficially owned in the United States in order to qualify as an American company.

That is a rule of thumb, I agree, and it is an arbitrary standard; but at the same time it is an effort to get away from the predominant-interest subject, which means that the Department of Justice would have to give a railway letter—and I am sure the Senator understands what I mean—any time a doubtful situation existed.

It is important to try to set up some standard by which, for the purpose of this act, we can say that if an American company has subsidiaries abroad, which subsidiaries are owned to the extent of two-thirds, they will be considered to be American companies, whereas if the foreign companies are owned to the extent of one-half, we will consider those subsidiaries to be American companies.

I am not entirely wedded to this percentage; I have merely proposed it in an effort to resolve the issue.

It does seem to me that unless we proceed in this way, we cannot have a sense of assurance or a sense of being at all precise, as one should be in writing a statute.

In order to avoid a number of thorny questions, I believe that some percentage basis as a determinant of what is an American company should be acceptable. I would also not mind if we provided 80 percent of such ownership as to a parent company. In other words, a parent would have to have 80 percent ownership in the United States, and with the subsidiaries, it must own at least x percent of the subsidiaries. I suggested 80 percent. With respect to a foreign subsidiary in the United States, I have suggested that it would have to be 50 percent beneficially owned by Americans. That might be a way in which we could get away from the concept. What I have tried to do is to suggest a solution which will deal with the foreign aspect of this question, rather than with the activity.

I would appreciate having the Senator's comment.

Mr. FULBRIGHT. Mr. President, what is involved is the nature of the activity. The Senator from New York is thinking, I suppose, of an ordinary commercial corporation. Suppose it were one of the large unincorporated public relations firms. It might be 100 percent owned by Americans. It could operate just as would an American citizen, who is not incorporated either, and could represent a foreign government. He could represent it in the ordinary course of commercial activities, without having to register. All he would do would be to follow the law, not seek to influence the policy of the Government, particularly as we have seen happen in the notorious cases of lobbyists who come to Congress to lobby before a committee, without ever telling that they are employed. What is involved is the nature of the activity and the end it is intended to reach. If we provide exemptions on the basis of relationships rather than on the basis of the kinds of activities involved, then in a few years, all the lobbyists would be organized in accordance with the particular type of exemption, and they would do whatever they pleased, whenever they liked. I would rather have no bill than to provide such an exemption.

These concepts of political and public policy interests grew up around existing law. There is nothing new in the bill. The bill relates to the power of injunction enforcement beyond the broadened exemption. The words of art have already been developed under existing law.

I do not see how the Senator believes anyone will be grossly misused or injured by the very minor provisions, particularly in this part of the act.

Rather than create an arbitrary standard for exemption on the basis of corporate structures, I would rather have no bill at all; I think we would do better with existing law, by trying to enforce it a little better. The proposals of the committee make it easier to enforce, because it is not necessary to go before a grand jury and get an indictment, put people in jail, or fine them heavily. Under the bill, such representatives can be regulated and the law administered much more easily. All those who would be required to register under the bill also have to register under the existing law.

Mr. JAVITS. In the first place, I think the Senator's point is answered by the amendment, in view of the way the amendment deals with the commercial and business activities of the particular person and of the particular corporation that may be called upon to register. The amendment deals with the activities of the subsidiary of the particular company which is in that particular line of business. It also deals with the domestic subsidiary of a foreign company which is engaged in that particular company's line of business and he engages in its activities in that particular line of business.

As to a company which represents or makes a business of representing other companies, such as a public-relations company, I see no objection whatever to eliminating it completely from this amendment. I have no intention or design to the contrary. We are looking to companies which pursue normal activities throughout the world, and have a real concern that they will be caught in this particular net.

Mr. FULBRIGHT. What is "normal" in that case? The Senator cited a great many examples. I reviewed, with the

staff, the first 12, which deal with U.S. parent corporations with foreign subsidiaries. We were unanimous in believing not one of those would be required to register.

As to the second group, foreign parent corporations with U.S. subsidiaries, we could not arrive at a conclusion as to most of them, primarily because there was not enough information.

What is involved is the kind of activity. For example, someone mentioned a Canadian company whose legitimate purpose or legitimate objective is the perfectly normal one of unloading surpluses onto the American stockpile. The Canadian company wants to get rid of its surplus at a price. We have established stockpile policies. The Canadian company comes here openly, with a lawyer, and follows open procedures, without trying to influence policy, but merely to abide by existing policy. It does not seem to me that an activity of that kind would fall within the pattern of the bill.

But suppose the company came before members of a committee that was investigating the matter or had jurisdiction over it, and sought to change the law or change the policy. That would be pursuing the legitimate business objective of selling its metals or whatever its products might be, but by using political means. If the company did that, it would be required to register. We do not say it would be prohibited from doing even that. We do not say it could not approach members of the Government; but if it did, it would be representing a foreign agent or a foreign principal, and it ought to let it be known that it is paid by a Canadian concern and is engaged in that kind of activity. I do not see how that would be a great imposition on such a company.

But if it was doing a normal business, not seeking to influence the policy of the Government through political activities, it would not have to register. It does not have to register under existing law; it would not have to register under the bill.

I cannot approve a big exemption of unknown extent. I would rather have no bill than to have such an exemption.

Mr. JAVITS. In the first place, the Senator from Arkansas picks out stockpiling, which is a relatively small part of the business of foreign companies or foreign subsidiaries.

Mr. FULBRIGHT. I was merely citing an example.

Mr. JAVITS. I understand; but it is a most invidious example. The Senator did not pick out an ordinary example of clothing or appliances; he picked out stockpiling.

Mr. FULBRIGHT. If one is selling, there is no reason why he should not attempt to sell those articles, unless he was trying to sell them to the Army or the Navy. But if he were, he would have to register.

Mr. JAVITS. He would have a perfect right to sell them to the Army or the Navy. But the Senator does not include in his example an American company, owned by thousands of American stockholders, and having a Canadian subsidiary whose representative is in the United States, trying to explain something to Congress or to the executive department.

Let us assume that the subsidiary is owned 100 percent by the American company, as the American company itself is 100 percent owned by Americans. The Senator from Arkansas would have it rely on whether the Department of Justice thought or did not think it was representing a foreign principal.

Mr. FULBRIGHT. It is perfectly clear that it would not register. There is no doubt at all. I do not think that is even a marginal case. Under those facts, it would register if it did any lobbying. It would register with Congress under the domestic lobbying act. The registration certainly would not be as a foreign agent.

Every one of the cases the Senator cites would scare us all to death. They would not have to register under those facts. There is no question about it.

Mr. JAVITS. It is the Senator from Arkansas who is trying to scare us to death. The Senator refers to language in the bill that shows that they would not have to register under these facts; but where is the language that says they would not have to register—except for that in the committee report, which provides that the Department of Justice shall determine what is the predominant interest, if they are lobbying in Washington. Where in the bill is there anything to exculpate a company because it is an American company?

Mr. FULBRIGHT. I read from page 23 of the report, section 3(d):

> Any person engaging or agreeing to engage only in private and nonpolitical activities in furtherance of the bona fide trade or commerce of such foreign principal or in the soliciting or collecting of funds and contributions within the United States to be used only for medical aid and assistance, or for food and clothing to relieve human suffering * * *.

It is the words:

> Any person engaging or agreeing to engage only in private and nonpolitical activities in furtherance of the bona fide trade or commerce.

As the Senator describes the case, it is as clear as the nose on one's face that it comes under that exemption.

Mr. JAVITS. May I describe this?

It is a mixed political and economic activity, and whether the Attorney General would require the agent to register would be strictly up to the Attorney General.

In response to what the Senator said to me, why does not the Senator consider taking the amendment to conference, in the expectation that in the course of that attritional process we shall be able to agree upon some formula which, apparently, we find it difficult to work out on the floor—a formula which will be fair in the matter of the twilight-zone, thorny questions that we have been debating rather than to ask that the matter now be passed, without any qualifying consideration whatever. At the conference, the Senator will have great control over what proposed legislation will result. But, at least, further recognition will be given to a situation which is apparently deeply troubling a very large part of American business.

It seems to me that in this debate I am only buttressing the feeling that these concerns are not imaginary, that they are real, that the matter will really, in all practicality, be left on the most open-end basis, with the Attorney General deciding on a case-by-case level when he will do what.

In other words, I do not believe that the mere definition of private and nonpolitical activity in furtherance of a bona fide trade or commerce of such foreign principal exempts anything except what the Attorney General wishes to exempt. It seems to me that all of the activities I have described, which the Senator says will not require registration, are mixed economic and political matters. At the very best, one can say they are mixed rather than that they stand alone and of themselves.

Mr. FULBRIGHT. I regret that the Senator is pushing this matter. It is not a matter of life or death, to me. I am not going to destroy the bill by making an exemption. I would rather put the bill off. I did not know the Senator would be so positive in his insistence upon this exemption. If the Senator wishes to have this amendment considered, perhaps he should consider having the chairman of the House committee submit it in the House. That is one way that he could approach it.

Mr. President, in order to clarify the RECORD, I believe I should insert at this point in the RECORD a letter from the Department of Justice. It is signed by Nicholas deB. Katzenbach, Deputy Attorney General, and is dated June 29, 1964. He was the representative of the Department who followed these hearings, and he is thoroughly familiar with the activities.

I believe it might be pertinent to read a paragraph or two of the letter; he is commenting on an amendment similar to the Senator's, though slightly changed:

> The proposed amendment would change section 1 of the act so as to exclude from the definition of the term "foreign principal" foreign subsidiaries of American business corporations and foreign parents of American business corporations provided such parent corporations are not controlled or financed by the government of a foreign country or a foreign political party.
>
> Thus, in effect, it would exclude any American parent or subsidiary of a foreign business corporation from occupying the status of an agent of a foreign principal irrespective of the nature of the activity engaged in by the parent or subsidiary if it is on behalf of the foreign business corporation.

That is the part of it which I cannot accept—to set aside this class and say that it does not matter what they do, that they are exempt. The real criteria is: What are they doing? That is the criteria which applies to corporations generally: How do they go about achieving their objective, even though that objective is a normal business objective? Are they going to be corrupting the legislator, or bribing the executive, or influencing them in some unacceptable way? That is what is involved. That is why I cannot go for a specific exemption of a class of people, irrespective of the means they seek to achieve their

ends—even though the ends may be commercial, not political.

Personally, I believe, with the members of the committee, that we are not going to take that kind of exemption.

Mr. President, I ask unanimous consent to have the entire letter to which I just referred printed in the RECORD.

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

U.S. DEPARTMENT OF JUSTICE,
Washington, D.C., June 29, 1964.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on a draft amendment to S. 2136, "To amend the Foreign Agents Registration Act of 1938, as amended," submitted to your committee by certain corporations, a law firm and one public relations firm.

The proposed amendment would change section 1 of the act so as to exclude from the definition of the term "foreign principal," foreign subsidiaries of American business corporations and foreign parents of American business corporations provided such parent corporations are not controlled or financed by the government of a foreign country or a foreign political party.

Thus, in effect, it would exclude any American parent or subsidiary of a foreign business corporation from occupying the status of an agent of a foreign principal irrespective of the nature of the activity engaged in by the parent or subsidiary if it is on behalf of the foreign business corporation.

This Department is opposed to legislation which would result in an absolute elimination of an entire class of persons from the purview of the registration requirements of the act, since past experience has illustrated that future unforeseen contingencies make such an absolute exclusion undesirable, particularly in this instance as will be indicated. Such a provision is not necessary in order to eliminate from the registration requirements the subjects of the proposed amendment in connection with their normal business operations.

Section 3(d) of the act as presently constituted and as it would be amended by S. 2136 serves to exempt from registration any corporation engaged only in private and nonpolitical commercial or mercantile activities in furtherance of the bona fide trade or commerce of its foreign principal. Accordingly, any American subsidiary or parent of a foreign corporation whose activities fall within this category may presently avail itself of the exemption. However, the effect of the proposed draft amendment to S. 2136 would be to remove from application of the act such corporations even if they engage in political activities as currently defined by the act or as proposed in S. 2136. Under S. 2136, the obligation to register is imposed only upon those corporations which represent the political or public interests of their foreign principal. With reference to the proposed definitions of political consultant and political activities in S. 2136, you advised Arthur H. Dean, senior partner, Sullivan & Cromwell, during his testimony before your committee on November 20, 1963, that the act as it would be amended was not intended to reach the normal operations of an American corporation or its attorney.

None of the activities of an American parent or subsidiary of a foreign corporation or its attorneys could bring them within the act if the proposed amendment to S. 2136 were adopted. Agents of those corporations who would fall within the proposed exclusion could conceivably engage in political activity of precisely the character that Congress initially intended to be disclosed by its passage of the Foreign Agents Registration Act and the proposed exclusion could, in some instances, defeat the basic purpose of the act.

For the above reasons, this Department is opposed to the suggested change to S. 2136.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,
NICHOLAS DEB. KATZENBACH,
Deputy Attorney General.

Mr. JAVITS. I appreciate the Senator's purpose and his idea. That is the very thing which is being opposed here. As I interpret it, the Senator's concept is that if an American company—taking the extreme case—100 percent American owned, has a subsidiary abroad which it owns 100 percent, and then comes to Congress or the Executive and seeks to do something which is in the interests of that foreign subsidiary, the Senator says that at the very best the Attorney General will have to decide whether that is representing a foreign principal. At the very worst, it will depend on what they do, what kind of question it is that they raise.

It seems to me that if we have an American lobbying statute, and if American companies can lobby all they wish without the need to register as an agent of a foreign principal—which some American companies may particularly wish to do—then one is imposing a rather onerous burden by asserting that because they operate abroad through a subsidiary they are put in doubt and in jeopardy under this whole statute, on the ground that they are really not an American company owning an American subsidiary.

I do not believe that the Senator can have it all that way, either. I do not believe that is fair, in view of the fact that we have an adequate American lobbying statute which theoretically, as the Senator first argues, under the guise of relaxing the restrictions of the statute, many people will be "caught in the net." The Senator states that they should have been caught before, but the law has not been well administered.

I cannot propose to assume that. We must assume that it has been well administered, and that they will be "caught in the net" now, because of the interpretation placed upon it.

Mr. FULBRIGHT. I did not say that. The Senator is speaking exactly contrary to the interpretation. I said that the way the Senator originally described it left the impression that there are a number of people who, under existing law, should have registered, but that the law has been very laxly enforced.

I did not say it would not be because of the bill, but only because the Department was more vigorous in its enforcement. That well may happen without a bill. I do not know. The Department has been chastened by its experience in the hearings. But that was not because of the language in the bill at all—or what I said. The bill has not broadened the coverage at all. It has broadened the exemption.

I do not follow the Senator at all in what he is saying—what he is attributing to me, at least. We have not broadened. We are not interested in broadened registration. We are interested in proper enforcement and a thorough checking of those who are registered.

There was only one case of a nonregistered agent, and that was simply a case of a clear violation, and the party pleaded nolo contendere. Our whole trouble was that there were cases of registrants who did not register fully and properly. That was all we are interested in—as to the coverage of certain people who have not been complying under the approach of the Senator to this problem. A domestic corporation could have a foreign subsidiary and the principal of the domestic firm could hire himself out, and he would be completely exempt, no matter what he did.

We had some cases of American citizens with foreign principals—subsidiaries, if one likes—it does not make any difference whether an individual or a corporation. They hire themselves out and come over here and do all sorts of things through the American Government, and we all become involved in aid, sugar, and handouts of various kinds. It is a dangerous area in which to create any exemptions. I cannot be a party to them.

Mr. JAVITS. The extreme case which has just been described is that there is accommodation to the point of view which I have set forth. The Senator asserts that he does not believe they will have to register, that the Attorney General will let them off the hook. In the first place, the difficulty there is that we have to have an ad hoc decision on every particular situation. This becomes an uncomfortable situation for companies engaged in a very wide range of business.

Mr. FULBRIGHT. Who decides that? This does not change the committee. The Attorney General stated that he would be perfectly willing to give advisory opinions. Consider the existing law. No one has advanced this, but someone has got to take the responsibility of saying whether one should register.

I do not see that there is any difference compared to the present law. One can ask the Attorney General ahead of time, "Under these circumstances, should I register?"

The Attorney General has placed himself on record as being perfectly willing to render opinions about this matter. What is the difference between that situation and the situation which exists now?

Mr. JAVITS. The difference between that situation and that which exists now is that the committee has now set forth exactly how it intends this matter to be handled on the predominant interest theory. That is left completely to the Attorney General. The Attorney General does not have to give advisory opinions unless he wants to give them. The present Attorney General may want to render opinions. The next Attorney General may not want to do that.

One should not be left in jeopardy every time he goes to see a Senator or Representative as to whether he should register under the act.

Mr. FULBRIGHT. Why is one not in jeopardy today?

Mr. JAVITS. One is not in this kind of jeopardy because he is not faced with a new law, such as we have before us now, the enforcement of which has been spelled out very clearly by the committee in charge of the legislation.

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

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

INVESTIGATION OF ROBERT G. BAKER BY COMMITTEE ON RULES AND ADMINISTRATION

Mr. WILLIAMS of Delaware. Mr. President, the Senate Rules Committee has announced that it has completed the investigation of the Bobby Baker case. I regret to say that I must disagree with this report. The Rules Committee may have stopped its investigation, but it has not completed it.

The majority membership of the Rules Committee have backed down when confronted with a possibly embarrassing disclosure, and by their failure to pursue this investigation they are vulnerable to the charge of attempted whitewash. The failure of the committee to call certain key witnesses to clear up highly important questions cannot be defended. Likewise their insistence that Members of the Senate are above questioning is indefensible.

As the author of the original resolution which started this investigation I am disappointed with the results of the committee's work.

Today, I shall cite another example of the incomplete work of the committee by showing how Mr. Robert Baker apparently charged an estimated $3,000 in personal telephone calls to the Government.

These allegations that Mr. Baker had charged many of his personal business telephone calls to the Government were presented to the committee. When questioned in the committee about these calls Mr. Baker, upon the advice of his attorney, took the fifth amendment. But the committee should not have stopped here; all of Mr. Baker's expenditures should have been audited.

Significantly, Mr. Baker took the fifth amendment on the excuse that if he answered the question the answer might incriminate him. He was right. The correct answer would have incriminated him. There is no question but that Mr. Robert Baker did charge many of his personal business telephone calls to the U.S. Government as being official calls.

This is a clear violation of the law and collection proceedings should be handled by the Department of Justice.

Between October 1, 1961, and March 31, 1964, Mr. Baker made 1,211 telephone calls at a total cost of $3,473.41. These calls were all listed as official calls and charged to the Government through his office as secretary to the majority.

As a comparison, during this same period the secretary of the minority made only 88 official telephone calls at a total cost of $142.55.

With the majority membership of the Senate about double the minority membership it could be understood why Mr. Baker's official telephone calls would be proportionately higher, but under no circumstances could a justification be made for his telephone calls being 25 times higher.

As evidence of Mr. Baker's arrogance when asked about these calls I shall quote from his testimony before the Rules Committee on February 25, 1964. At that time he was being questioned as to why certain calls had been charged to the Government, and in each instance he took the fifth amendment.

The Rules Committee has in its files an itemized breakdown of all of these telephone calls.

The questions and answers from the committee records of February 25, 1964, are as follows:

Senator CURTIS. Mr. Baker, on or about November 30, 1962, you made a long distance call to Milwaukee, to Mr. Max Karl, head of the MGIC Corp. A similar call on April 2, 1963, a similar one on April 22, 1963, a similar one on May 8, 1963; will you tell the committee whether or not those calls were made at Government expense?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct that the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

I depart from the reading of this testimony, to state that the MGIC Corp. is a corporation in which Mr. Baker bought a substantial bloc of stock, at a very low price in relation to its market value, and thereby realized a substantial profit. He registered the stock in the name of some of his friends and certain Government employees.

Continuing to read:

Senator CURTIS. Mr. Baker, records indicate that you made a number of calls to San Juan, P.R., to one Paul Aguirre. Will you state whether or not those calls were made at Government expense and, if so, what Government business was discussed?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct that the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

* * * * *

Senator CURTIS. Mr. Baker, the telephone records indicate a number of calls made by you from Miami, Fla. For instance, February 26, 1963, you called from Miami, Mr. Tucker. Was the purpose of that call your private business or Government business?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct that the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

I point out that Mr. Tucker was the Washington law partner of Mr. Baker. Mr. Tucker was handling some of the fees that they were receiving on the side.

Continuing to read:

Senator CURTIS. On this same day of February 26, 1963, there was a conversation between Miss Tyler, Mr. Ed Levinson, who was then at the International Airport Hotel. I refer to, Mr. Witness, that the Witness Black stated his business was gambling. Do you know whether or not that call was charged to the Government?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct that the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

Senator CURTIS. On the 20th of February the records indicate—this is 1963—that you called Ed Levinson at his Fremont Hotel at Las Vegas, Nev. Will you tell us whether or not that call related to your official duties or whether it related to private business?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct that the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

Senator CURTIS. Will you tell us who paid for the call?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct the witness to answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

Senator CURTIS. Mr. Baker, the telephone records indicate that on the 20th of November 1962 or—excuse me—on the 5th of December 1962, you called Mr. Clint Murchison, Jr., at Dallas, Tex. Will you state whether or not that call pertained to your official duties as secretary of the majority or whether or not it was your private business?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. Will the witness answer the question?

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

Senator CURTIS. Did the Government pay for that telephone call?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct that the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

Mr. President, I ask unanimous consent that the remainder of these interrogations by committee members of Robert Baker, in connection with specific telephone calls, be printed in the RECORD, along with his answers thereto.

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

Senator CURTIS. Mr. Baker, the telephone records indicate many other calls; I am selecting some for the purpose of informing the Senate in the event any further laws or rules or regulations pertaining to Government facilities are necessary. The records indicate a great many calls to and from your office, official Government office, to Ocean City. Will you tell us whether or not any of those calls which related to your private business were paid for by the Government?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

Senator CURTIS. Mr. Baker, the record indicates a number of calls made by you to one Nick Popich, New Orleans, La. Will you tell us whether or not those calls were made as part of your official duties?

Mr. BAKER. I stand by my previous answer.

Senator CURTIS. I request that he be ordered to answer.

The CHAIRMAN. I order and direct that the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

* * * * *

Senator CURTIS. Did the Government pay for any calls that you made to Nick Popich which did not relate to your official duties?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct the witness to answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

* * * * *

Senator CURTIS. Mr. Baker, the records indicate that the 26th day of April 1963—I withdraw that. Mr. Baker, on March 7, 1963, you called Fred Black who was in Beverly Hills, Calif. Will you tell us whether or not that was in connection with your official Government business?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct that the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

Senator CURTIS. Will you tell us whether or not that call was made at Government expense?

Mr. BAKER. I stand by my previous answer.

The CHAIRMAN. I order and direct that the witness answer the question.

Mr. BAKER. Mr. Chairman, I stand by my previous answer.

Mr. WILLIAMS of Delaware. Mr. President, I do not think the fact that Mr. Baker took the fifth amendment in this connection closes the case. Certainly the accounts in his Government office ought to be audited by the Comptroller General. The result of this audit should be forwarded to the Department of Justice.

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

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

THE INTERNATIONAL MONETARY SYSTEM

Mr. JAVITS. Mr. President, Prof. James Tobin, of Yale, former member of the President's Council of Economic Advisers, has written an article, which was published in the May issue of the Harvard Review of Economics and Statistics, in which he criticizes the actions of the managers of the international monetary system, particularly the reactions of the central bankers of Europe toward the U.S. balance-of-payments deficit.

Although I would place more of the responsibility than he has on our own officials who had at their disposal the enormous resources of the United States to resist European pressures, and could have tackled the question of world monetary reform with greater foresight and imagination, I am in sympathy with his criticism. This is not to say that during the past few years those who are responsible for operating the system here and abroad have been devoid of all ideas or initiative. On the contrary, they have introduced innovations which have been effective in postponing a crisis.

My own dissatisfaction is that their approach to adapting the international monetary system to current world conditions has been timid, being more disposed toward taking ad hoc measures than to come face to face with the basic question of whether the adjustment mechanism implicit in the existing system is flexible enough to bring about, within a reasonable time, correction in the imbalances in the international monetary system, and whether this adjustment mechanism places equal burdens on the countries which are in surplus positions and those which suffer payments deficits. Presently major imbalances take years to eliminate, and require, on the part of deficit countries, measures which hamper growth and world trade.

The financial managers must also answer the question whether the stock of international credit—liquidity—will be adequate in the near future to provide countries suffering temporary balance-of-payments deficits sufficient time to take corrective action without halting or inhibiting measures designed to expand their economies. The answers to these questions cannot be delayed indefinitely without great cost to every country concerned.

Professor Tobin sums up the case against the present approach as follows:

> The dollar crisis will no doubt be surmounted * * *. The world monetary systems will stay afloat, and its captains on both sides of the Atlantic will congratulate themselves on their seamanship in weathering the storm.
>
> But the storm is in good part their own making. And if the financial ship has weathered it, it has done so only by jettisoning much of the valuable cargo it was supposed to deliver. Currency parities have been maintained, but full employment has not been. The economic growth of half the advanced non-Communist world has been hobbled, to the detriment of world trade in general and the exports of the developing countries in particular. Currencies have become technically more convertible but important and probably irreversible restrictions and discriminations on trade and capital movements have been introduced. Some Government transactions of the highest priority for the foreign policy of the United States and the West have been curtailed. Others have been "tied" to a degree that impairs their efficiency and gives aid and comfort to the bizarre principle that practices which are disreputably illiberal when applied to private international transactions are acceptable when Government money is involved.

The central bankers' disposition to discuss major international financial problems in private is, in my view, one of the major deterrents to substantial progress in this field. Therefore, on July 10, 1963, I submitted Senate Concurrent Resolution 53, in which I proposed that a well-prepared international monetary and economic conference be convened by the President, to recommend needed changes in existing financial institutions and to consider other pressing economic problems placed before the conference by a preparatory committee.

I renew my proposal with the full realization that both the Paris Club and the IMF are conducting studies regarding the adequacy of international monetary institutions and international liquidity, for what is needed is basic reform, and this requires a framework in which agreements can be made.

I ask unanimous consent that Professor Tobin's thoughtful article; as well as an editorial dealing with this subject, from the June 24 edition of the Washington Post; and an article from the June 22 edition of the New York Times, be printed in the RECORD at the conclusion of my remarks.

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

[From the Review of Economics and Statistics, May 1964]

EUROPE AND THE DOLLAR

(By James Tobin)

The dollar crisis will no doubt be surmounted. "The dollar" will be saved. Its parity will be successfully maintained, and the world will be spared that ultimate and unmentionable calamity whose consequences are the more dreaded for never being described. The world monetary system will stay afloat, and its captains on both sides of the Atlantic will congratulate themselves on their seamanship in weathering the storm.

But the storm is in good part their own making. And if the financial ship has weathered it, it has done so only by jettisoning much of the valuable cargo it was supposed to deliver. Currently parities have been maintained, but full employment has not been. The economic growth of half the advanced non-Communist world has been hobbled, to the detriment of world trade in general and the exports of the developing countries in particular. Currencies have become technically more convertible but important and probably irreversible restrictions and discriminations on trade and capital movements have been introduced. Some Government transactions of the highest priority for the foreign policy of the United States and the West have been curtailed. Others have been "tied" to a degree that impairs their efficiency and gives aid and comfort to the bizarre principle that practices which are disreputably illiberal when applied to private international transactions are acceptable when Government money is involved.

These are the costs. Were, and are, all these hardships necessary? To what end have they been incurred?

They have been incurred in order to slow down and end the accumulations of dollar obligations in the hands of European central banks. It is fair to ask, therefore, whether these accumulations necessarily involved risks and costs serious enough for the countries concerned and for the world at large to justify the heavy costs of stopping them.

Which is easier? Which is less disruptive and less costly, now and in the long run? To stop the private or public transactions that lead one central bank to acquire another's currency? Or to compensate these transactions by official lending in the opposite direction? I do not suggest that the answer is always in favor of compensatory finance. But the issue always needs to be faced, and especially in the present case.

Several courses were open to European countries whose central banks had to purchase dollars in their exchange markets in recent years. (a) They could have built up their dollar holdings quietly and gladly, as they did before 1959. (b) By exercising their right to buy gold at the U.S. Treasury, they could have forced devaluation of the dollar or suspension of gold payments. (c) They could have taken various measures to correct and reverse chronic European payments surpluses. (d) By occasional withdrawals of gold and by constant complaints they could have brought tremendous pressure for

discipline upon the United States without forcing a change in the dollar parity.

European central banks and governments chose the fourth course, with token admixtures of the third. They have made world opinion, and American opinion, believe there is no other choice. Almost everyone agrees that the pressure of the balance-of-payments deficit upon the United States is inescapable arithmetic rather than the deliberate policy of foreign governments. Yet for almost 10 years previously, U.S. deficits were no problem. Clearly it is a change in human attitude and public policy, not inexorable circumstance, which has compelled us to take corrective actions.

It is true that the concern of financial officials about the dollar was only an echo—and a subdued echo at that—of the fears, hopes, anxieties, and speculations that arose in private financial circles in the late 1950's. But financial officials do not have to follow the private exchange markets; they can lead instead. By an equivocal attitude toward private suspicions of the dollar, European officials kept pressure on the United States. Never did they firmly say that they would not force devaluation or suspension of gold payments. Instead, they succeeded in making the maintenance of gold-dollar convertibility at $35 per ounce a unilateral commitment of the United States, under three successive administrations. Once a banker has solemnly assured the world and his depositors that he will never fail, he is at the mercy of those depositors capable of making him fail.

Memories are short, and gratitude is not a consideration respected in international relations, especially when money is involved. But the United States had and has considerable moral claim on European governments and central banks.

The present excess supply of dollars is in many respects an unwinding of the dollar shortage of the immediate postwar period. Capital left Europe because the Continent was vulnerable to military attack, its governments were unstable, its industries were prostrate and uncompetitive, and its currencies were inconvertible. Capital has returned to Europe when events have overcome the special advantages which North America seemed to have in these respects. It is therefore relevant to recall the behavior of the United States when the shoe was on the other foot.

During the dollar shortage the United States: gave Western European countries (other than Greece, Turkey, and Spain) $32 billion of military and economic aid; lent them $11 billion additional (in spite of the default of European governments of debts connected with World War I); acquiesced in substantial devaluations of European currencies, without which European exports would still not be competitive; and acquiesced in exchange controls, capital controls, quantitative restrictions on imports, and discriminations against the United States and other non-European countries—by no means all of which are liquidated even now. After enabling Europe to overcome the dollar shortage, the United States has been expected to adjust to its reversal without the tools that Europe used in its turn. Rightly so, because many of these tools were illiberal expedients—the more reason for replacing them now with compensatory intergovernmental finance.

The United States has undertaken, at considerable cost in real resources and foreign exchange, to defend Western Europe against the Soviet Union. This is in theory a joint effort, but European governments do not even yet fulfill their modest commitments to NATO. While European political leaders solicit constant reassurance that U.S. military power will remain visibly in Europe, their finance ministers and central bankers complain about the inflow of dollars.

The United States has not only tolerated but encouraged the development of a European customs union which attracts American capital and discriminates against American exports (especially the products of industries, notably agriculture, where North America has a clear comparative advantage).

The United States has borne a disproportionate share of the burden of assistance to uncommitted and underdeveloped nations, in which European countries have a common political and, one might hope, humanitarian interest.

The United States has provided a reserve currency. In the late forties no other international and intergovernmental money was available except gold; and the supply of gold was not keeping up with the demand. U.S. deficits filled the gap with dollars. It is true that this gave the United States a favored position among countries. Anyone who can print money can choose how new money will be first spent. The United States did not seek this privileged role; it arose by accidental evolution rather than conscious design. As it happens, the United States did not exploit it to live beyond our means, to make the American people more affluent. We used it rather for broad international purposes. No doubt in the long run the creation of new international money should be a privilege and responsibility more widely and symmetrically shared. But once the United States and the world are adjusted to the creation of international money via U.S. deficits, it is scarcely reasonable suddenly to ring a bell announcing that the world's financial experts have now decided that these deficits—past, present, and future—are pernicious.

The United States has not pushed its moral case before world public opinion. This is because many Americans believe, or prefer to believe, that balance-of-payments deficits, like venereal diseases, betray and punish the sins of those whom they afflict. Others regard them as simply matters of arithmetic and circumstance. Still others are afraid that making a moral argument will indicate to our all-powerful European creditors insufficient resolution to overcome the difficulties. On their side, the Europeans have neatly segregated the contexts. Their financial officials wash their hands of tariff and trade policies, agricultural protection, defense and aid appropriations, and their governments' budgets. Any European failings on these counts are facts of life to which the United States must adjust, rather than reasons for more patience or more credit.

By the narrowest of bankers' criteria—all moral claims aside—the United States is a good credit risk. Its balance sheet vis-a-vis the rest of the world, not to mention its internal productive strength, indicates the capacity to service a considerably increased external public debt. The United States has been confined to the types of credit that can be given on the books of central banks. European Parliaments cannot be asked to vote long-term loans to Uncle Sam, although the American people voted through the Congress to tax themselves to finance the Marshall plan when Europe's credit rating was nil.

Meanwhile, European central banks are uneasy holding short-term dollar assets. They prefer gold. Why? Because they might some day force us to give them a capital gain on gold holdings. We compensate them with interest on their dollar holdings when they forgo this speculative possibility. But bygones are bygones; and past interest earnings are irrelevant when future capital gains beckon. On its side, the United States has had nothing to lose and much to gain in guaranteeing to maintain the value of official dollar holdings. After stubbornly resisting this suggestion on obscure grounds of principle, the U.S. Treasury now belatedly and selectively guarantees value in foreign currency.

The only remaining reason to refuse the U.S. credit is that the United States, like any other deficit country, must be "disciplined." Disciplined to do what?

To stop an orgy of inflation? The United States has the best price record of any country, except Canada, since 1958—before there was a balance-of-payments problem. The rates of unemployment and excess capacity during the period scarcely suggest that the Government has been recklessly overheating the economy with fiscal and monetary fuel.

Nevertheless, many Europeans say that when they buy dollars they are importing inflation. It is hard to take this claim seriously. First of all, if acquisitions of dollars are inflationary so are acquisitions of gold, and Europe shows no signs of saturation with gold. Second, the classic mechanism of international transmission of inflation is certainly not operating. We have not inflated ourselves into an import surplus adding to aggregate demand in Europe. To the contrary, we have maintained a large and secularly growing export surplus. Third, although central bank purchases of foreign exchange have the same expansionary monetary effects at home as other open market purchases, it is not beyond the wit or experience of man to neutralize these effects by open market sales or other monetary actions. Fourth, U.S. farmers and coal producers, and Japanese light manufacturers, among others, stand ready to help European governments reduce their living costs and their payment surpluses at the same time. The truth is that Europe does not really want a solution at the expense of its balance of trade.

Perhaps we are to be disciplined to cut foreign aid. European governments do not attach the same importance as we do to aid programs, especially in the Western Hemisphere. Clearly we need a better understanding on development assistance and burden sharing among the advanced countries.

Should the United States be disciplined in order to cut off private exports of capital, by controls or by tight monetary policy or both? This has been a major and successful focus of European pressure. The U.S. authorities have responded by pushing up U.S. interest rates, more than a full point at the short end, and by proposing the interest equalization tax. European pressure is motivated in part by nationalistic and protectionist aims—keep the rich Americans from buying up or competing with local industry. This may or may not be a worthy objective, but its worth is the same whether international payments are in balance or not.

Two other issues are involved. The first concerns capital markets and controls. Should the United States move toward poorer and more autarkic capital markets, or should the Europeans move toward more efficient and freer capital markets? Much of U.S. long-term capital movement to Europe does not represent a transfer of real saving. Instead it is a link in a double transatlantic chain connecting the European saver and the European investor. The saver wants a liquid, safe, short-term asset. The investor needs long-term finance or equity capital and seeks it in the United States. Unfortunately, another link in the same chain is official European holding of short-term dollar obligations. But the Europeans themselves could, through institutional reforms, do a great deal to connect their savers and investors more directly and to reduce the spread between their long and short interest rates.

The second issue is the appropriate international level of interest rates. Evidently national rates must be more closely alined to each other as international money and capital markets improve. But surely the low-rate country should not always do the alining. This would impart a deflationary bias

to the system. In principle, easy fiscal policy could overcome this bias, but only at the expense of investment and growth. In the present situation European countries are fighting inflation by tightening their money markets rather than their budgets. They are forcing the United States to fight unemployment with a tight money, easy budget mixture. If interest rates are raised whenever a country faces either inflation or balance-of-payments difficulties, while expansionary fiscal policy is the only measure ever used to combat deflation, a number of swings in business activity and in payments will move the world to a mixture of policies quite unfavorable to longrun growth.

In summary, the adjustments forced on the United States to correct its payments deficit have not served the world economy well. Neither were they essential. European countries have had at their disposal several measures which are desirable in their own right, not just as correctives to the present temporary imbalance in payments. To the extent that they are unprepared to take these measures, they should willingly extend compensatory finance. International financial policy is too important to leave to financiers. There are more important accounts to balance than the records of international transactions, and more important markets to equilibrate than those in foreign exchange.

[From the Washington (D.C.) Post, June 24, 1964]

EUROPE AND THE DOLLAR

Many high Government officials, particularly those on leave from universities, look to the day when they can discard their masks of anonymity and discuss sensitive policy issues without fear of committing indiscretions. James Tobin, the distinguished Yale economist, was close to the balance-of-payments problem when he served on the Council of Economic Advisers, and now he exploits that experience with telling effect in his candid reflections on "Europe and the Dollar" which appear in the current number of The Review of Economics and Statistics.

The thrust of Professor Tobin's excellent article is that the policies which the United States is following in an effort to correct its payments deficit have not served the world economy well. Nor are they essential.

When the European central bankers in 1959 decided that their dollar holdings were excessive, there were several alternatives. They might have gone on accumulating dollar claims as they had for nearly a decade; or by exercising their right to buy gold from the Treasury they could have forced a suspension of payments or the devaluation of the dollar. A third alternative would have been measures to eliminate the European payments surpluses. But instead they chose a policy of needling coercion: occasional withdrawals of gold, doubts about the integrity of the dollar and loud demands for a balance-of-payments "discipline" that resulted in tighter money, higher interest rates, and unemployment in this country.

What the Europeans forgot in their zeal to place this country in the position of a profligate supplicant was the record of generosity during the postwar period of the dollar shortage. Instead of demanding "discipline" the United States extended $43 billion in gifts and loans to the countries of Western Europe. It acquiesced in substantial devaluations of European currencies and in the establishment of capital and exchange controls, some of which are still in force. It encouraged the formation of the Common Market, a customs union which attracts American capital and discriminates against American exports.

In glimpsing into the future, Mr. Tobin is concerned over the trend of world interest rates. In order to eliminate disequilibrating movements of capital, the levels of interest rates among trading countries must be closely alined. But the United States as the low-interest country should not always do the alining, for doing so imparts a strong deflationary bias to the world system: "In the present situation European countries are fighting inflation by tightening their money markets rather than their budgets. They are forcing the United States to fight unemployment with a tight money-easy budget mixture. If interest rates are raised whenever a country faces either inflation or balance-of-payments difficulties, while expansionary fiscal policy is the only measure ever used to combat deflation, a number of swings in business activity and in payments will move the world to a mixture of policies quite unfavorable to longrun growth."

[From the New York Times, June 22, 1964]

BANK CIRCLE SCORED—FORMER KENNEDY AID TAKES DIM VIEW OF INTERNATIONAL MONETARY OFFICIALS

(By M. J. Rossant)

The tight little central banking fraternity, which is responsible for keeping the international monetary system in operation, recently got a rough going over from a former official of the Kennedy administration.

James Tobin, who served on the President's Council of Economic Advisers, was never in the inner circle of monetary and financial officials. But he was reasonably close. From what he observed, he has come to the conclusion that "international financial policy is too important to leave to financiers."

This may well be true, but Mr. Tobin neglects to mention his candidates to take over the task of running the monetary system. It is doubtful that he would give the job to politicians, for that would mean continuous confrontations with General de Gaulle.

In all likelihood, the international fraternity will keep on doing business at the same old stand. But Mr. Tobin's slings and arrows have some validity.

EUROPE CRITICIZED

Writing in Harvard University's Review of Economics and Statistics, he argues that international cooperation to defend the dollar has been costly, exaggerated and one sided. Washington, he states, has been doing most of the cooperating, with the Europeans either dragging their feet or actively forcing the United States to take steps that hurt its domestic growth.

Most observers have been full of praise for the cooperation achieved by the monetary authorities. But though Mr. Tobin admits that cooperation has worked, he is sparing with his compliments and his respect.

Central bankers are men of mystery. They have their secret "gold pool" in London; they have the committee of 10, which is working out new arrangements to strengthen the international monetary mechanism; there is another closed-door study being undertaken by the International Monetary Fund, and regular meetings of the fraternity take place at the Bank for International Settlements in Basle. It is all very cozy, with no interruptions by television or the press.

The fraternity has no special hand clasp, but all of its members are closemouthed. Most were incensed when Reginald Maudling, Britain's Chancellor of the Exchequer, publicly expressed demand for new measures in 1962. That sort of thing just isn't done. The fraternity may not be as image-conscious as politicians, but it has succeeded in putting on an impeccable and unassailable solid front by settling all differences in private.

DIM VIEW TAKEN

As an outsider, Mr. Tobin cannot be accused of giving away any fraternity secrets. But he has a very dim view of most central bankers and financial officials. He infers that they are ungrateful, ungenerous, and narrowminded; he adds that they are a suspicious lot, given to making constant complaints.

In fact, he blames the fraternity with weathering the dollar storm "only by jettisoning much of the valuable cargo it was supposed to deliver." He charges that international cooperation was at the expense of full employment in the United States, a curbing of world trade and other restrictive developments.

As Mr. Tobin sees it the European branch of the fraternity could have done a great deal more to keep the financial ship in order and the dollar protected from disruptive storms.

He takes them to task for failing to dispel private suspicions about the dollar. Instead of making clear that they not demand gold in exchange for their growing pile of dollars, he says that they added to the pressure on the United States by forcing three successive administrations to make unilateral commitments to maintain the existing price of gold.

Their attitude, Mr. Tobin states, placed the United States in an unenviable position, for "once a banker has solemnly assured the world and his depositors that he will never fail, he is at the mercy of those depositors capable of making him fail."

Mr. Tobin believes that the Europeans in recent years did not match the generosity displayed by Washington earlier. If they had been willing to make use of their surpluses and shared the costs of defense and aid, the United States would have been faced with a much easier problem.

But the Europeans, he points out, "wash their hands of tariff and trade policies, agricultural protection, defense, and aid appropriations, and their governments' budgets."

Mr. Tobin's harsh indictment is not without substance. The fraternity is powerful, but only within carefully circumscribed limits. Central bankers who sought to make their influence felt on trade or defense or other politically sensitive areas would soon be out of a job—and the fraternity.

The cooperation that has been achieved by central bankers has shortcomings, but it has been working more smoothly than in some other areas. Indeed, there has been a notable lack of cooperation on trade agreements and a virtual unraveling of the North Atlantic Treaty Organization alinement.

Despite all of their human failings, their cautiousness and conservatism, and shortsightedness, central bankers have been more constructive than they were in the years between the wars.

The fraternity may not be moving fast enough, but Mr. Tobin is overestimating their importance by blaming them for being uncooperative. Getting admitted into the fraternity is in the hands of politicians.

AMENDMENT OF THE FOREIGN AGENTS REGISTRATION ACT OF 1938

The Senate resumed the consideration of the bill (S. 2136) to amend the Foreign Agents Registration Act of 1938, as amended.

Mr. JAVITS. Mr. President, I withdraw the amendment which I previously offered and send another amendment to the desk, which I ask to be read by the clerk.

The PRESIDING OFFICER. The amendment offered by the Senator from New York is withdrawn.

The clerk will now read the amendment presently offered by the Senator from New York.

The LEGISLATIVE CLERK. It is proposed, on page 7, line 20, to strike out the period and insert: "and inserting

after the words 'beneficial' the words 'or other activities not serving substantially a foreign political interest.' "

Mr. JAVITS. Mr. President, I believe the words of the amendment which I have sent to the desk occur in section 3(d) after the words "foreign principal." I do not think the amendment has been read correctly. I would like to read the amendment for the RECORD, if I may do so.

The PRESIDING OFFICER. Without objection, the correction will be made.

Mr. JAVITS. I should like to read the text of the amendment for the RECORD so it will be clear:

On page 7, line 20, strike out the period and insert: "and inserting after the words 'foreign principal' the words 'or other activities not serving substantially a foreign political interest.' "

Those words will be added to the exemption clause of the Foreign Agents Registration Act as it was reported to the Senate and would, in my judgment, tend to qualify, in accordance with our discussion, the activities which are exempt from the statute, and to include yet another category which will fit a great many of the specific examples which I gave, and which have been confirmed by the Senator from Arkansas and which will enable the Attorney General, in the enforcement of the law, to have some provision of the law to which he can refer in his definition of what is exempt and what is not exempt, rather than be confined to the specification of the intent as set forth in the committee's report.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. JAVITS. Mr. President, I withdraw the amendment which I have just offered, and offer the following amendment. I shall read the amendment, to help the clerk:

On page 7, line 20, strike out the period and insert the following words: "and by inserting after the words 'foreign principal' the words 'or other activities not serving predominantly a foreign interest.' "

Now I ask the clerk to state the amendment.

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

The LEGISLATIVE CLERK. It is proposed, on page 7, line 20, to strike out the period and insert the following words: "and by inserting after the words 'foreign principal' the words 'or other activities not serving predominantly a foreign interest.' "

Mr. JAVITS. Mr. President, I am glad we have been able to work out something which will give the Attorney General a standard by which a whole range of activities can be properly dealt with, with the knowledge of those being dealt with and the Attorney General himself. I hope the Senator from Arkansas will accept the amendment.

Mr. FULBRIGHT. Mr. President, I shall be glad to accept the amendment. I do not think it does violence to the committee report. I accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. JAVITS. Mr. President, before passage of the bill, I would like to say to my colleague, the Senator from Arkansas, to the committee, and to the Attorney General, that I hope very much the fact that we have debated this question and have included another standard in the bill will make clear to the Attorney General, whoever he may be, who is administering the act, what is exactly the thrust of the statute as amended. As the Senator from Arkansas explained so properly, the statute is being amended in order to get what was felt would be a tighter administration.

It is not intended to reach activities of a character which no one ever expected would be reached in this fashion, a good many of which we have described as coming from domestic companies with subsidiaries abroad and coming from domestic subsidiaries of foreign companies. We have chosen to make our distinction based upon activity. That follows the views of the Senator from Arkansas. We have also made it very clear that the mere fact that an activity has some political complexion or some foreign interests does not necessarily make it an activity which brings the person directing it under registration.

I hope very much that all this legislative history will be considered in respect of the administration of the law, which will heavily depend for its administration, in good commonsense and with accommodation to the activities of the American business world, upon the way in which the Attorney General takes to heart what we have said here today.

I am very grateful to the Senator from Arkansas for his cooperative spirit and open mind.

Mr. FULBRIGHT. I thank the Senator. The Senator has been very reasonable about this matter. I was reluctant to open up exemptions which could be far-reaching and which I thought would destroy the effectiveness of the bill. I do not regard this bill as a panacea for all our ills, but it can be useful if it is properly administered. I believe the Department of Justice will administer it properly.

I believe that the hearings and these discussions will clarify the situation.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The bill (S. 2136) was passed.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MRS. MARJORIE CURTIS

Mr. MANSFIELD. Mr. President, I ask unanmous consent that the Senate proceed to the consideration of Calendar No. 1106 (H.R. 4811).

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 4811) for the relief of Mrs. Marjorie Curtis.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed at this point a brief explanation of the bill.

There being no objection, the excerpt from the report (No. 1168) was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation is to pay Mrs. Marjorie Curtis, of La Monte, Mo., $1,000 in full settlement of her claims against the United States for the inconvenience and disruption incident to the crash of a B–47 aircraft of the U.S. Air Force on her farm on February 27, 1956, and in further settlement of all her claims for personal injuries, pain, and suffering traceable to that crash.

STATEMENT

The facts in the case are set out in House Report 231 and are as follows:

On February 27, 1956, a U.S. Air Force B–47, while on an Air Force mission, crashed and burned on a farm approximately 4½ miles north of La Monte, Mo. The main part of the fuselage hit about 30 feet from a farmhouse occupied by Mr. and Mrs. Clay Curtis as tenants. Mrs. Curtis and her son Danny escaped from the house which was burned down with a total loss of their personal property therein. The crash also destroyed certain farm implements owned by the Curtises, including a tractor.

The committee has carefully considered the circumstances of this matter which have resulted in an appeal to the Congress for legislative relief. A subcommittee hearing was conducted on the bill on April 4, 1962, and, subsequent to that hearing at the request of the subcommittee, additional information was presented to it. The compensation provided in the amended bill is intended to provide for payment for certain losses which could not be paid under existing administrative or judicial procedures. However, the committee has found that the unusual circumstances of this case justify the payment in an amount of $1,000 on the basis of broad considerations of equity and justice.

As will appear from a reading of the report on the bill from the Department of the Air Force, the total loss of personal property referred to above was the subject of a settlement with the Air Force under the terms of the Military Claims Act (31 U.S.C.