

individuals on its staff and to make such rules and regulations as are necessary for the conduct of its business, except as herein otherwise provided.

SEC. 306. ADMINISTRATIVE ARRANGEMENTS.—(a) The Commission is authorized, without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service or to classification and General Schedule pay rates, to appoint and fix the compensation of an executive director and the executive director, with the approval of the Commission, shall employ and fix the compensation of such additional personnel as may be necessary to carry out the functions of the Commission, but no individual so appointed shall receive compensation in excess of the rate authorized for GS-18 under the General Schedule.

(b) The executive director, with the approval of the Commission, is authorized to obtain services in accordance with the provisions of section 3109 of title 5 of the United States Code, but at rates for individuals not to exceed \$100 per diem.

(c) The head of any executive department or independent agency of the Federal Government is authorized to detail, on a reimbursable basis, any of its personnel to assist the Commission in carrying out its work.

(d) Financial and administrative services (including those related to budgeting and accounting, financial reporting, personnel, and procurement) shall be provided the Commission by the General Services Administration, for which payment shall be made in advance, or by reimbursement, from funds of the Commission in such amounts as may be agreed upon by the Chairman of the Commission and the Administrator of General Services. The regulations of the General Services Administration for the collection of indebtedness of personnel resulting from erroneous payments shall apply to the collection of erroneous payments made to or on

behalf of a Commission employee, and regulations of said Administrator for the administrative control of funds shall apply to appropriations of the Commission. The Commission shall not be required to prescribe such regulations.

(e) Ninety days after submission of its final report, as provided in section 304(b), the Commission shall cease to exist.

SEC. 307. AUTHORIZATION OF APPROPRIATIONS.—There is hereby authorized to be appropriated such sums not in excess of \$1,500,000 as may be necessary to carry out the provisions of this title. Any money appropriated pursuant hereto shall remain available to the Commission until the date of its expiration, as fixed by section 306(e).

#### TITLE IV—SEVERABILITY

SEC. 401. If any provision of this Act is judicially held to be invalid, that holding does not necessarily affect the validity of any other provision of this Act.

And amend the title so as to read: "An Act to safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by restricting the garnishment of wages; and by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry; and for other purposes."

Mr. BYRD of West Virginia. Mr. President, I call up this matter at the request of the distinguished Senator from Alabama [Mr. SPARKMAN]. At his request, I move that the Senate disagree to the amendment of the House and request a conference with the House thereon and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the

Presiding Officer appointed Mr. SPARKMAN, Mr. PROXMIER, Mr. MUSKIE, Mr. BENNETT, and Mr. HICKENLOOPER conferees on the part of the Senate.

#### ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### ADJOURNMENT

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 24 minutes p.m.) the Senate adjourned until tomorrow, Thursday, February 8, 1968, at 12 o'clock meridian.

#### CONFIRMATION

Executive nomination confirmed by the Senate February 7, 1968:

##### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Thomas O. Paine, of California, to be Deputy Administrator of the National Aeronautics and Space Administration.

## EXTENSIONS OF REMARKS

### U.S. Dilemma in Vietnam

#### HON. THRUSTON B. MORTON

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

Wednesday, February 7, 1968

Mr. MORTON. Mr. President, not long ago Dr. James S. Brashear, of Central City, Ky., returned after 2 years' service in Vietnam. His impressions of that service, as related to Dr. M. David Orrahood, were contained in an article published in the Owensboro, Ky., Messenger and Inquirer of February 1, 1968.

I commend it to all Senators, and ask unanimous consent that it be printed in the Extensions of Remarks.

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

##### MUHLBERG DOCTOR SPEAKS ON U.S. DILEMMA ON VIETNAM

(By Dr. M. David Orrahood)

"The U.S. dilemma (in Vietnam) stems from a rice-growing peasant who make \$1.00 a month in a country that has been at war for 20 years or more and who is thus fiercely indifferent to his plight."

So stated Dr. James S. Brashear, a Muhlenberg County physician who completed two years of active duty with the Army Medical Corps January 29.

Dr. Brashear, a captain in the Medical

Corps, finished a year of duty in Vietnam in September, 1967. He finished his active duty at Ft. Campbell and has returned to Central City to resume general practice.

The physician said the U.S. government is confronted in South Vietnam with three main problems:

Unsolvable weakness in the central government in Saigon.

Tough guerrilla forces in rural areas. Aggression and support of guerrilla forces from Hanoi.

The government weakness and the effect of the war extend into and disrupt all facets of civilian life in Vietnam.

For instance, a prostitute makes several times as much money as a college professor, physician, soldier or government official.

##### WON'T WORK ON WEEKENDS

"The Vietnamese lack personal pride and respect for life," explains Dr. Brashear. "The Viet Cong can severely beat a South Vietnamese Army unit on Friday noon, but come Saturday, they (the South Vietnamese) still take off for the weekend and do no work or fighting until Monday."

Dr. Brashear pointed out that the village chief, as the only arm of authority for the Saigon government, collects the taxes and pays his own expenses by taking a "cut", which could average as much as \$700 a month, a veritable fortune there.

With this money, the chief buys loyalty for himself, the Saigon government and the U.S. government. And, according to the Muhlenberg physician, the more ruthless and corrupt a village chief the more effective he is.

"A virtual dictator," Dr. Brashear explained, "the chief is able to keep power so long as he is not killed by a rival, V.C., or what is worse, becomes so corrupt and so overbearing that he is rounded up by the Viet Cong and killed in the village square to the hand clapping of every peasant in the district."

##### INNOCENT SUFFER

The chief, if he is effective, keeps the Viet Cong population down by offering a bounty to informers—The going rate was reported as high as \$150 per Viet Cong. The problem here was identifying the V.C. Thugs were known to take advantage of this situation and who was to say whether the people they killed were Viet Cong or not?

Most of Dr. Brashear's time in Vietnam was spent at the 12th Evacuation Hospital at Cu Chi district about 30 miles northwest of Saigon. Considered a model example of the U.S. pacification program, the area is designated militarily secure. Yet it was the site of a recent mortar attack that killed 20 people and wounded many others. The Viet Cong sustained no losses. Thus, despite two years of major effort, the U.S. and Saigon governments have not been able to say to the peasant: "You are safe to go about your daily affairs." It is the same situation in the rest of the country.

##### FRUSTRATION COMPOUNDED BY SNIPERS

Seeing comrades fall as a result of sniper fire or hidden land mines in relatively "secure" areas is another source of frustration to the military. This is especially true since it is impossible to tell the friendly villager



from the deadly Viet Cong, and search operations are almost always fruitless.

Observing casualties taken in this manner day after day frustrates the military and disturbs the peasants. As a result, the population is extremely slow to rally to either Saigon or the U.S. cause.

Yet, concludes Dr. Brashear, "Our presence in Vietnam has made a Viet Cong victory impossible. They live and fight under unbelievable conditions. It is impossible to understand their motivation to continue the conflict."

#### MEDICAL CARE IMPROVING

Over 6,000 in-patients and countless out-patients were treated at the 12th Evacuation Hospital at Cu Chi in the ten month period Dr. Brashear served. Patients included American military, Vietnamese military and civilian and Viet Cong. Treatment was mainly limited to acute illnesses, the majority of which were injuries sustained as direct result of war.

Dr. Brashear said the surgical capabilities of the doctors serving with him were excellent, and that the service rendered by the helicopter pilot and crew in evacuating the wounded was "excellent beyond belief."

He recalled that the lives of three young men with heart injuries were saved while he was there. All three were in surgery within 15 minutes of being wounded. "These and many others would have died had their treatment been delayed even a few minutes longer," the physician stated.

#### SUPPLIES A PROBLEM

Dr. Brashear said supplies were always a problem, and that laboratory and X-ray facilities were very poor when the hospital started operation, but improved slowly as time went on.

The Central City physician was in the original group that reactivated and set up the 12th Evacuation Hospital at Cu Chi. The unit had not treated any war casualties since World War II.

When he left the unit in September of 1967, he said hospital facilities were still below what could be expected, but he emphasized that the situation was "undoubtedly better" than in any previous war.

### South Dakota House Concurrent Resolution 3

**HON. E. Y. BERRY**

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BERRY. Mr. Speaker, it is my privilege to call to the attention of my colleagues in this body, House Concurrent Resolution 3, passed by the South Dakota State Legislature.

The resolution memorializes Congress to authorize and appropriate funds for a feasibility study for construction of a pipeline from Lake Sharpe to transport water eastward to the Lower James Conservancy Subdistrict and adjacent areas.

I heartily endorse this resolution and its goal of developing the land and water resources in South Dakota.

The Bureau of Reclamation is now conducting a broad reconnaissance survey in eastern South Dakota to evaluate the land and water resources of the area. This will serve as a basis for seeking congressional authorization for a detailed feasibility study of piping water from

Lake Sharpe eastward to enhance the future development of the natural resources in this area.

The resolution passed by the South Dakota Legislature is filed.

The resolution follows:

#### HOUSE CONCURRENT RESOLUTION 3

Concurrent resolution memorializing the Congress of the United States to provide sufficient funding for a study to be made of the possibility of the construction of a pipeline from Lake Sharpe, including construction costs involved, and a determination of the amount of all arable lands which may be served through the transportation of water to the Lower James Conservancy Sub-District and adjacent areas

*Be it resolved by the House of Representatives of the State of South Dakota, the Senate concurring therein:*

Whereas, one of the objectives of the Lower James Conservancy Sub-District is the complete development of the land and water resources within its boundary; and

Whereas, future development of the natural resources in the Sub-District will be dependent on the importation of water which may be used for irrigation purposes, to augment present inadequate municipal water supplies, to aid in the recharge of ground water, to furnish that which is needed for recreation, and to sustain fish and wildlife habitat; and

Whereas, there is considerable acreage of arable land within the Sub-District which are highly productive for agricultural purposes; and

Whereas, the stability of the economy within the Sub-District is dependent on its agricultural production which is subject to climatic influences and variable rainfall, thus contributing to its economic instability; and

Whereas, the need for supplemental water during the critical growing season has been amply demonstrated, particularly in years of short rainfall, at a time when one or more applications of water, through irrigation, would have meant the difference between a bumper crop and one of complete failure; and

Whereas, portions of the Conservancy Sub-District have received only a reconnaissance survey made by the Bureau of Reclamation prior to the preparation of Senate Document 191 which was included in the Flood Control Act of 1944; and

Whereas, even though the Bureau of Reclamation is making a river basin reconnaissance survey in eastern South Dakota, there is still need for a more complete study of the drainage areas covered by the Lower James Conservancy Sub-District and of that area lying between the Sub-District and the Missouri River by an appropriate federal agency to determine the areas of potential multi-purpose water use and development; and

Whereas, it is believed that a pipeline, if built eastward from Lake Sharpe on the Missouri River to serve the Conservancy Sub-District and adjacent areas, would minimize maintenance costs and evaporation losses in transporting water for delivery to a modern distribution system when designed and built to supply water for various purposes including municipal water supply, domestic and industrial use, recreation development, irrigation, incidental recharge of ground water, and other uses; and

Whereas, the cost and feasibility of constructing a pipeline such as envisioned for the transportation of water from the Missouri River to an area of potential use has not been determined; and

Whereas, the United States government, since its inception, has recognized its responsibility to encourage the economic de-

velopment of the nation—one area of modern activity being found in the Reclamation Act of 1902 and subsequent legislation relating to the development and construction of multi-purpose water use projects; and

Whereas, the officers and directors of the Lower James Conservancy Sub-District recognize the inherent right and obligation of the people within the Sub-District, with or without the assistance of the United States government, to develop fully their water and land resources in accordance with sound basic principles of conservation development; and

Whereas, the problem of proper land use and water supply, quality, distribution, and reuse are of considerable importance to the arable areas that may be served by a properly planned water distribution system; and

Whereas, a sound water resources development program is dependent, in large measure on continued and coordinated investigation, planning, research, and construction programs by the several federal agencies concerned with water resource development; and

Whereas, the accomplishment of these programs calls for adequate appropriation by the Congress of the United States and the use of other funds from whatever sources available;

Now, therefore, be it resolved, by the Forty-third Session of the South Dakota Legislature, that it memorialize the Congress of the United States to provide sufficient funding for a study to be made of the possibility of construction of a pipeline from Lake Sharpe, including construction costs involved, and a determination of the amount of all arable lands which may be served through the transportation of water to the Lower James Conservancy Sub-District and adjacent areas; and

Be it further resolved, that copies of this resolution be transmitted to the Governor of the State of South Dakota, the members of the South Dakota Congressional delegation, the Secretary of the Department of Agriculture, the Secretary of the Department of the Interior, the Commissioner of the Bureau of Reclamation, and the Corps of Engineers.

Adopted by the House of Representatives January 17, 1968. Concurred in by the Senate January 16, 1968.

JAMES D. JELBERT,  
Speaker of the House.

Attest:

PAUL INMAN,  
Chief Clerk of the House.  
LEM OVERPECK,  
President of the Senate.

Attest:

NIELS P. JENSEN,  
Secretary of the Senate.

### Science Policy Confrontation

**HON. JOSEPH E. KARTH**

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. KARTH. Mr. Speaker, in the middle of January a highly important international meeting was held in Paris under the auspices of the Organization for Economic Cooperation and Development—OECD. As most Members know, this organization, consisting of representatives from all of the world's developed countries—21 of them—outside the Iron Curtain, is one of the most important and effective existing today. While its primary mission is the promotion of international economic well-being, much

of its work necessarily deals with the utilization of technology toward that end.

The recent OECD meeting involved a confrontation of the U.S. delegation with respect to the application of technology to economic matters. It followed a long study by a team of OECD examiners, who spent weeks in the United States last year studying American science policy.

The chairman of the Committee on Science and Astronautics, the gentleman from California [Mr. MILLER], served as the congressional representative on the American delegation. His work there has been reported as of the highest order. Mr. Speaker, I include for the RECORD an editorial published in the February 2, 1968, issue of Science magazine, which deals with this matter:

#### SCIENCE POLICY CONFRONTATION

On 11 and 12 January, at the Paris headquarters of the Organization for Economic Cooperation and Development, the science policies of the United States were critically examined by the 20 other OECD countries. OECD science policy reviews have two purposes: to help the country being reviewed assess its own policies and to build up a useful body of knowledge concerning science policy for its member countries.

In preparation for the January confrontation, U.S. officials had to examine our own science policies and help the OECD secretariat prepare a descriptive account. Four external examiners then visited this country and prepared reports of their findings (*Science*, 12 January).

At the culminating confrontation, a team of American experts (Donald Hornig, Ivan Bennett, William Carey, Philip Handler, Congressman George Miller, Herman Pollack, and James A. Shannon) explained and defended American policies and discussed 20 issues on which they were quizzed by the four external examiners (H. G. B. Casimir, director of the Philips Research Laboratories; Théo Lefèvre, former Prime Minister of Belgium; Pierre Masse, chairman of the board of Electricité de France; and C. H. Waddington, professor in the Institute of Animal Genetics, Edinburgh) and other representatives of the OECD countries.

From the review the U.S. has gained the benefit of an objective and candid analysis of how its science policies look to a group of knowledgeable foreign critics. Much of what they had to say was complimentary. Some of it was envious. And some was fairly sharply critical. Disagreements, among the reviewers or between the reviewers and the U.S. representatives, provided points for fruitful discussion at the confrontation.

The role of science in governmental and economic affairs is basically much the same in all developed countries, but the forms of government of these countries differ and so do the details and the manner of development of their science policies. Much of the January discussion took shape from the fact that Europeans often do not appreciate the diversification of responsibility that exists in the U.S. and do not fully understand how Congress differs from the parliaments with which they are more familiar. Fellow delegates especially praised Congressman Miller's explanations of the way Congress works, and comments following the confrontation indicated that the American delegation had explained U.S. policies effectively and had cleared away some of the confusion and misinterpretation concerning these policies. *Le Figaro*, for example, quoted M. Lefevre as saying that the American policies were an example to Europe and not a threat (as was implied in the written report) unless Europe chose not to understand their meaning.

When OECD was still the Organization for European Economic Cooperation it used the confrontation technique as a powerful instrument for securing cooperation in the use of Marshall Plan funds in the postwar restoration of the European economy. The technique has since been used to exchange information and criticisms concerning policies and practices in scientific and technical education. The January confrontation was the eighth in a series of science policy reviews. It provided an influential group of policy makers with an intensive seminar on U.S. policies and on their interpretation by different examiners. The published records will be available to a wider audience. The policy reviews are one of the means OECD is using to help member countries understand each other and their interrelationships more clearly.

#### Youthful Gift of Perception

HON. BENJAMIN B. BLACKBURN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BLACKBURN. Mr. Speaker, it has been said that youth has wisdom and perception which far exceeds that of the older generation. At times, we allow our thoughts to become decadent and old. We fail to see things that are happening to us and our great Nation.

Recently, I received a letter from Miss Lynn Pope, a 16-year-old girl who has a gift of perception which exceeds that of persons three times her age. I believe that my colleagues and the American people should read this letter. I therefore insert the following letter into the RECORD:

DECATUR, GA.,

January 29, 1968.

DEAR CONGRESSMAN BLACKBURN: I just finished reading the Feb. 5 issue of *U.S. News and World Report*, and I found an article, "New Decisions on Prayer and Anarchy", quite disgusting. I always felt the United States would fall and now I know it will.

Years ago, when Pilgrims came to America, they thanked God for this wonderful and prosperous land. George Washington prayed to God for guidance so that he would lead the nation in the right way. Great men like Nathan Hale and John Paul Jones died for this country. Men fought for independence leading the way for other countries and they created and built a constitution which became a pattern for other constitutions. Men have built this country, stood for it, and died for it, and we are slowly tearing it down. This great country is truly God-given and we should be thankful for our rights as citizens in a great country, but we are not. We continue protesting and asking for more freedom and burning draft cards and flags, and we are destroying the nation men have lived and died to build.

Is Congress really going to take "In God we trust" off the U.S. money? Is the word "God" going to be taken from the pledge to the flag and out of school books and out of important U.S. addresses? Will the Lord's Prayer not be taught to my younger brothers and sisters as it was taught to me? Will people stop saying grace and praying for the boys in Vietnam? When will they ever realize that this nation was borne of God and will perish without Him?

As a teenager in the Mormon Church, I see this all as a big waste. The words "United States" has always represented to me, a great democracy where people have the right

to say what they wish and worship how they want. How can we worship at all without being discriminated against when we say the name of God in public? How can we truly practice our American rights if a restriction is put on religion and prayer? How can we learn history in school without learning about the God who began this history? How can a nation exist without a God to help it? How can this God help us if we do not even recognize Him? Is the United States being ruled by the minority?

I read that the word "God" has been withdrawn from a popular kindergarten poem:

"We thank you for the flowers so sweet,  
We thank you for the food we eat;  
We thank you for the birds that sing;  
We thank you God for everything"

Thank who? God is dead. We are killing Him and now there is no one left to thank. When God dies, the nation dies also. I would gladly give my life for my country because I love it, but I love my God more. Please, try to help me and millions of other people who feel the same way.

Sincerely,

LYNN POPE,  
Gordon High School.

P.S. Thank you for reading this letter. I realize that it will take more than just a few letters to help change laws, but please, tell me if there is anything else I can do to help. I know that the people must be pleased, but God is more important than all the people put together. Thank you once again.

#### Legislation To Provide Flexible Interest Rates for Mortgages Insured by the Federal Housing Administration

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ST GERMAIN. Mr. Speaker, on Monday, February 5, I introduced legislation to provide flexible interest rates for mortgages insured by the Federal Housing Administration.

This action was predicated upon and stimulated by the glaring necessity to minimize high discounts and attract more mortgage money to FHA-VA loans.

A very pertinent article appeared in the February 6 edition of the *Washington Post* which I insert into the RECORD. As the article notes, private money to finance veteran mortgages "will dry up unless Congress removes the 6-percent interest limit on such loans."

I commend this article to the attention of all my colleagues that they may become more aware of the seriousness of this matter and will, I hope, consequently lend their support to my legislation:

[From the Washington (D.C.) Post,  
Feb. 6, 1968]

GI LOANS RATE RAISE ADVOCATED

A spokesman for home builders warned yesterday that private money to finance government backed mortgages for veterans will dry up unless Congress removes the 6 percent interest limit on such loans.

Lloyd E. Clarke, president of the National Association of Home Builders, also told a House veterans affairs subcommittee hearing that the \$7,500 maximum mortgage that the



government will guarantee should be raised to \$10,000.

Lifting of the interest rate and the increased guarantee level were both recommended to President Johnson in a recent message to Congress on proposed veterans legislation.

#### CITES HIGHER MARKET

Clarke said the market rate for home mortgages is now about 7 percent, which has created a competitive disadvantage for government backed home loans for GI's.

"To continue the existing ceiling in the face of today's credit market will not only prevent many veterans from buying homes, it may also result in permanently disaffecting many leading institutions from the program," said Clarke.

Rep. Charles E. Bennett (D-Fla.), also urged the subcommittee to act favorably on three bills he has introduced to liberalize a veterans, liability when he sells his home and the purchaser assumes the GI's Government-backed mortgage.

#### URGES GREATER EFFORT

Meanwhile, Rep. Wright Patman (D-Tex.) told savings and loan representatives here that they would have to put forward a greater effort to win passage of the Federal Chartering Bill (H.R. 13718).

The bill would allow S & Ls and state-chartered mutual savings banks to apply for Federal charters under which they would enjoy broader investment and lending powers.

Patman told a conference of the U.S. Savings and Loan League that "your enemies—the American Bankers Association and its big bank members—are already at work . . . Under the ABA plan, the bill would never see the light of day."

Commercial banks have complained that entry of S & Ls into the consumer loan business, under Federal charters, would constitute unfair competition.

## The World Looks at the United States

### HON. PAGE BELCHER

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BELCHER. Mr. Speaker, I would like to call to the attention of my colleagues a very interesting commentary on our American way of life and its social and industrial significance in world society. It is in the form of a book review published in the January issue of *Atlas*, and asserts that America is the world's driving force. It attributes this not to material wealth, as those who would deprecate us are often wont to do, but to our philosophy and unique rapport between Government and industry.

What is most interesting to me is that the review is a translation from the Paris *L'Express* and the book being reviewed is bestseller in France: "Le Defi Americain"—"The American Challenge"—by editor Jean-Jacques Servan-Schreiber. The book is planned for spring publication here, and in the midst of the current pessimism as to our country's moral and social fiber, this reassurance from a foreign observer should be most welcome. I include the review, entitled "The World Looks at the United States of America: America's Amazing Power To Create," by Jean Fourastie, at this point in the RECORD:

#### THE WORLD LOOKS AT THE UNITED STATES OF AMERICA: AMERICA'S AMAZING POWER TO CREATE

(By Jean Fourastie, translated from *L'Express*, Paris)

(NOTE.—Although it sharply criticizes the French and praises the U.S. almost fulsomely, the book *Le défi américain* ["The American Challenge"], by editor Jean-Jacques Servan-Schreiber, hit the top of the French best-seller lists just days after publication. *Atheneum* plans early spring publication in the U.S. For the competitive European it could be a stirring call to action. For the concerned American battered by Vietnam and urban upheaval it may come as a startling morale booster. Below *ATLAS* prints a review by France's greatest economist, Jean Fourastie, from Servan-Schreiber's own magazine *L'Express*.)

I have just finished Jean-Jacques Servan-Schreiber's *Le défi américain* ["The American Challenge"]. It reads like a novel, like one of those novels of adventure and history that ravish us when we are young and want action, which lead us to discover something about men and ourselves, which multiply tenfold our desire to live. In a word, it is a story, our story: what is happening to us while we think about other things and satisfy ourselves with other pastimes.

Raymond Aron recently observed that we are rapidly changing our image of the United States from that of a sleepy country, digesting old wealth, entangled in reactionary alliances, brought to a standstill by long-festered conflicts, on the verge of being overwhelmed and outclassed by the U.S.S.R. and China; to a new image, that of an awakening adolescent youth, master of an immense heritage, possessing above all a virile energy, instrument of a surprising future. But what is it really like? What are the consequences for us Frenchmen, for us Europeans who in the course of the last decade hoped to maintain or regain the front ranks of civilization?

Servan-Schreiber's book is, first of all, a documented report, secondly a judgment and a call to action. . . . To begin with, we learn from this book that Europe is regressing, not advancing. The great national projects (the computer plan, rockets, the atom) and the great European projects (the Concorde, Euratom) are not merely partial in character but too narrow in scope, and because they lack breadth they are doomed to instability instead of consistent progress. . . . Europe, which should devise "a unified policy of science and technique," is only lowering tariffs and increasing interest rates.

Yet, the large-scale actions which the Europeans do not undertake are possible: "The Americans are executing them." Furthermore, if we do not begin them in the next few years the Americans "will do so." Right now, "the Americans are landing in Europe," a terrain on which they can evolve advanced techniques while the Europeans still develop classical methods. . . . But then, "why them and not us?" Many Frenchmen, epitomizing our country and period, immediately answer: "because they are rich." One of the book's primary merits is that it proves something quite different. The Americans do not act like "capitalists," as our old Marxist formulae would have us believe; they act like "entrepreneurs," like innovators; they have the "power to create." The power to create does not come from money; on the contrary, money is a product of the power to create. It is not with their money, but "with ours" that the Americans are establishing themselves in Europe. What is the source of this creative power today? I refer the reader to the book. . . .

Today, "he is rich who knows how to invent and accomplish." Success is an enterprise, the power to create, is taken for

<sup>1</sup> *Le Defi Americain* by Jean-Jacques Servan-Schreiber Denoel: Paris.

granted by the man who knows the art of "organizing," that is, of establishing the material and human processes capable of transforming nature to meet the needs of mankind. This creative power, the basic generator of wealth, is nothing but "informed decision." The man capable of deciding takes command; this is the "seizure of power."

Servan-Schreiber bases his judgment on these facts. First, concerning the seriousness of the facts: it is probable that the few years separating us from 1975 will be decisive. If the gap between the United States and Europe which began appearing around 1962 is not stabilized, if the Europeans continue to let the Americans take the initiative in the "big operation," the two civilizations will begin to diverge not quantitatively but qualitatively. We will reach the point where information will be available to us long after it has become only trivia to them, and even worse, if we do get our hands on such material, it will be incomprehensible. . . .

Given this grave situation, Servan-Schreiber believes the problem is essentially "a political problem." He is right. The processes of ignorance, indifference and inertia which separate us from the Americans cannot be overcome by a small elite, by the initiative of a few corporation heads, not even by the entire employer class together with the French trade unions.

This can be demonstrated by examining education or "management." If the executive function, as we now say, is the key to the economic revolution, how are we to put an end to the low regard in which it is generally held in France? How can we restore the employer to his proper role? How to absolve him of the fundamental charge that he exploits his fellow man? There is only one way: through a genuine revolution in political thought.

The publisher-editor of *L'Express* then turns to a study of the French Left which I would consider severe if it were not balanced by his even harsher view of the Right. . . . Servan-Schreiber is justified in appealing to the Left. If it comes to hold power, it will have the job of renovation. Now its duty is to awaken an ignorant public opinion and a government which still believes in a Europe made up of Fatherlands.

What actually must be accomplished? First, a real Europe must be created, a Europe made of units capable of large-scale operations; a federated Europe, able to accept "a unified policy of science and technique." "This integration," states Servan-Schreiber accurately, "will be subject to the constraints of a total strategy on the part of the big American firms if Europe does not gain control of the process itself."

It is impossible for me in a brief review to give an adequate account of a book which poses such important questions. It is equally impossible to predict that the appeal it makes to the politicians first, and then to the nation as a whole, will be heard quickly enough to inspire the renovations that can spare us from subjugation. . . . More generally, we should ask ourselves what dominates all these factors of progress now exploding in the United States, in a revolution more brilliant than the previous revolutions of steam, electricity, and the atom? Organization of the firm? Yes, of course. "Cross-fertilization"? Certainly. The electronic and information industries? Computers? Yes! Education? Permanent training? Research? Of course.

But I believe there is a method that brings this all to life, that dominates the ferment of Western civilization, that distinguishes it from all other civilizations that have existed or exist on the face of the earth, that gives it its efficiency and guarantees its success: the experimental, scientific mentality. The "post-industrial" society should have a new name—"the scientific society." The condition of economic development is the acquisition of the experimental scientific spirit.



Servan-Schreiber's book describes this new society and provides us with the means of understanding it and thereby taking action.

### Labor News Conference

**HON. JAMES A. BURKE**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BURKE of Massachusetts. Mr. Speaker, in a recent interview on the Mutual Broadcasting System, Andrew J. Biemiller, legislative director for the AFL-CIO and a former Member of this House, from Wisconsin, said that one of the biggest disappointments for the labor movement in the last session was severe curtailment of welfare programs—particularly aid to dependent children. Many of us agree. Possibly even more of us would agree with Mr. Biemiller that effective answers to the urban crisis—job creation, housing, education, civil rights, and all the rest—are major challenges that must be faced this year. Mr. Biemiller's views would, I think, be interesting and informative to all of us. Therefore, I include at this point in the Record the transcript of "Labor News Conference," as broadcast on the Mutual network, as follows:

#### LABOR NEWS CONFERENCE

Revival of the conservative coalition in the House of Representatives last year halted new progressive legislation and even forced some retreats in appropriations for existing programs.

That's the AFL-CIO appraisal of the first session of the 90th Congress, given to reporters by Andrew J. Biemiller, organized labor's chief lobbyist.

The AFL-CIO director of legislation, interviewed on Labor News Conference, broadcast Tuesday at 7:35 p.m. EST on the Mutual Radio Network, said labor was forced on the defensive in 1967, recalling that the biggest fights were to save existing programs rather than shape new ones.

Biemiller said that "in terms of the general welfare," the Social Security welfare amendments were "one of the biggest disappointments" for labor. "We think that they set back the welfare system of the country by about 100 years," he said. He took sharp issue with the cutback of funds for aid to dependent children, which, he said, means that the states will now decide "whether they are going to sterilize mothers or starve children."

Biemiller said that, despite official GOP claims to the contrary, there was a revival of the Southern Democrat-Republican coalition in the House. "The Senate has saved this Congress from being the real throwback that the House leadership of both the Southern Democrats and the Republicans would like it to be," he asserted, adding, "the Senate still has a working liberal majority."

Job creation in both urban and rural areas, a major attack on housing problems, stronger education programs and additional civil rights legislation will be areas of major Capitol Hill battles in the second session that opens January 15, Biemiller said.

The AFL-CIO "will be in there fighting to pass the soundest legislation that we can," he declared.

Biemiller was questioned by Kenneth Crawford, contributing editor and columnist for Newsweek magazine, and Neil MacNeil, chief congressional correspondent for Time magazine.

[Transcript of "Labor News Conference," Mutual Broadcasting System, Jan. 2, 1968]

#### THE 90TH CONGRESS, FIRST SESSION

Guest: Andrew J. Biemiller, Director, AFL-CIO Department of Legislation.

Panel: Neil MacNeil, chief congressional correspondent for Time magazine; Kenneth Crawford, contributing editor and columnist for Newsweek magazine.

Moderator: Frank Harden.

HARDEN. Labor News Conference. Welcome to another edition of Labor News Conference, a public affairs program brought to you by the AFL-CIO. Labor News Conference brings together leading AFL-CIO representatives and ranking members of the press. Today's guest is Andrew J. Biemiller, director of the AFL-CIO's Department of Legislation.

The first session of the 90th Congress—one of the longest sessions in recent years—adjourned a little over two weeks ago. Here to question Mr. Biemiller about how the AFL-CIO rates this session of Congress and what he sees as major issues in the second session, which convenes January 15, are Neil MacNeil, chief congressional correspondent for Time magazine, and Kenneth Crawford, contributing editor and columnist for Newsweek magazine. Your moderator, Frank Harden.

And now, Mr. Crawford, I believe you have the first question?

CRAWFORD. Mr. Biemiller, President Johnson seems to be of two minds about the first session of this Congress. He has criticized it for what it did not do, but at the same time, he has called it a medium-productive Congress. How do you view it?

BIEMILLER. I'd say, Mr. Crawford, that the President is a little more charitable in his estimate of the achievements of the first session of the 90th Congress than is the AFL-CIO.

In our opinion, the first session of the 90th Congress was primarily a defensive one in which the Administration and people like the AFL-CIO were attempting to defend the gains that were made during the 89th Congress.

This became particularly true in the continuing fight over appropriations. And, very frankly, I think that in that area, we lost ground.

MACNEIL. Mr. Biemiller, what, in labor's view, would be the biggest failure—what would you count as the biggest failure for labor in the session?

BIEMILLER. In terms of a rather narrow definition of labor's aims, we would have to say that the biggest failure was the fact that Congress took no action on the Situs Picketing Bill—the bill which would give the building trades union members equal picketing rights with industrial union members.

MACNEIL. What happened to 14(b)—the repeal of that section of the Taft-Hartley Law? Have you abandoned that?

BIEMILLER. No effort was made to push the repeal of 14(b) in this session of the Congress, because we knew, very frankly, that we didn't have the votes. There is no point in trotting out a bill that you know is foredoomed to failure—doomed before you start on it.

Now, I'd like, though, to say that in terms of the general welfare of the country, I think one of the biggest disappointments that the labor movement had was the welfare provisions of the Social Security legislation that passed.

We are very disturbed by those provisions. We think that they set back the welfare system of this country by about 100 years. We certainly don't like the idea that we now have to, as President Meany put it, let the states make a decision as to whether they are going to sterilize mothers or starve children, as a result of the cutback of the funds for aid to dependent children.

MACNEIL. May I ask you a follow-up question on that? Again in terms of labor, what were the biggest successes for labor in the last Congress—the last session of Congress?

BIEMILLER. Well, I would say that there was great success on some matters that most people may not have recognized of importance.

For example, the passage of the sound Meat Inspection Bill. Now, for the first time, we are really going to inspect all meat in the United States. This was a sleeper in one sense. It was a bill that most people didn't think had very much chance. All of a sudden, the bill got rolling and hurrah, we've got a good, sound bill.

A comparable thing that happened during the closing days of the Congress was the relatively good Poverty Bill that came out of this Congress. That, though, was the kind of victory that I was talking about when I said that it was a defensive Congress, because there was a stage of this Congress in which I frankly despaired of any Poverty Bill coming out—particularly from the House of Representatives.

But, we did manage to salvage a bill that is, if anything, better than the old law, and with a slightly higher appropriation.

CRAWFORD. Mr. Biemiller, overall, wouldn't you say that the difficulty—the principal difficulty with this Congress—was that the old programs were not fully funded? Is that true?

BIEMILLER. That is what I was getting at a few moments ago, when I said that in the appropriations field, we actually lost ground. The authorizations that we were so proud of that were passed in the 89th and previous Congresses never became fully funded.

You know, I think the American people forget that to win permanent possession of a law in the Congress of the United States, you have to win it 10 times. You have to win, first of all, in the substantive subcommittees and full committees in both Houses. Then you have to go through the same thing in the appropriations committees. Then you have to win in conference and on the floor. Then you have to get the bill signed.

I suppose it could best be explained as something like the trophies in some bowling tournaments or golf tournaments—you have to win the trophy 10 times to get permanent possession.

CRAWFORD. I think you are right that most people don't recognize that what is authorized is frequently not what is appropriated. You are apt to take the authorization figure and say that is what you have. But you don't have it until you get the appropriations.

MACNEIL. There are some Congressmen who vote for all authorizations and against all appropriations.

Mr. Biemiller, let me follow this up a little. You mentioned the Meat Inspection Bill. It seems to me that a great deal of consumer-oriented legislation was passed this year, and that this was a new phase in the Congressional attitude toward things. For example, the Fabrics Bill—the Flammable Fabrics Bill—interest rates, and so on.

BIEMILLER. On interest rates, we've still got trouble.

MACNEIL. It's not finished, but it is a long way along the road. I am just wondering if you think there is a new attitude on Capitol Hill toward the consumer?

BIEMILLER. Yes, I think that is a fair statement, Mr. MacNeil. I think there is a growing attitude that we had better pay some attention to consumer problems.

This is one of the reasons why President Johnson is reasonably generous in his assessment of this Congress. He is proud of the fact that it became consumer-oriented in many ways.

However, I will be completely convinced that it is a good consumer-oriented Congress when I see final action on the Truth-in-Lending Bill.

You are aware, I am sure, Mr. MacNeil, that is the bill that former Senator Paul H. Douglas (D-Ill.) started many years ago. It's a very simple little bill.



All it says is that those people who have dealings with the public—dealings that involve interest rates—must give the public the full, true annual interest rates they are paying.

Now, this year, the Senate did pass a rather good bill. But, it has been hung up in the House—in the House committee. In the Senate, too, for that matter. We found that the committees knocked out coverage of department stores revolving accounts. This happens to be, in our opinion, the key to the whole matter, because this is where all of the difficulties show up. I have found, time after time, in asking my friends who have revolving accounts at department stores, "Do you know what interest rate you are paying?" that they say, "Yes, we are paying one-half of one percent, a very reasonable rate." I ask, "Do you realize that is one-half of one percent per month, and, that in many cases, it is one-and-one-half percent?"

That is what it usually is, in fact. The one-half percent rate is a very rare thing: that would come out to a six percent annual rate. The one-and-one-half percent rate comes out to 18 percent per year. That is the thing we would like people to understand—that they are being charged that kind of interest.

CRAWFORD. Mr. Biemiller, you spoke of your apprehensions about getting any Poverty Bill through the House. The House has been the sticky point here. How do you account for that? Why is it, in these days, that the Senate seems so much more liberal than the House?

BIEMILLER. Well, two days after the election in 1966, I sat down with AFL-CIO President George Meany and Al Barkan, the head of our Committee on Political Education. We counted the House that had just been elected. We came to the conclusion that we had a net loss of 41 liberal Congressmen. And that, in the boldest terms I can put it, is what's wrong with the House of Representatives today.

The 89th Congress had an actual working majority of good, sound, liberal Congressmen. That has been cut way down—it is down to about 185 now—about 185 people whom we feel we can count on in the House of Representatives.

And, I'm not talking about only labor issues. I mean broad social issues as well. Each time, you have to reach out and pick up a considerable number to get the 218 it takes for a majority. This is exactly what the problem was on the Poverty Bill.

CRAWFORD. Well, in other words, the old Southern Democrat-Republican coalition has been reconstituted in the new House of Representatives. Right?

BIEMILLER. That is precisely what I said in the statement I made in the AFL-CIO News a few weeks ago.

MACNEIL. Mr. Biemiller, do you really believe that—that this is the old, working conservative coalition? The House Republican Leader, Congressman Gerald R. Ford, Jr., (Mich.) has specifically alienated his party from the Southerners. The thing that strikes me—for example, on the Poverty Bill—is that the real reason for the success there for the Administration was the breakdown of any real coalition. They were stumbling—they were fumbling—they made a terrible mess of it. As a result, the bill came through.

BIEMILLER. They made a terrible mess of it, because the Republicans in charge of that bill insulted the Southerners on the opening day and they became very angry. I think that far from proving my thesis incorrect, it proves it correct, because this is the one outstanding example of where the Southerners did stick with the Administration in considerable numbers. As a result, the coalition couldn't cut the Poverty Program way down.

MACNEIL. The point I am trying to get to, Mr. Biemiller, is that the Southerners in the House no longer have a real leader. Judge Smith (former Congressman Howard W. Smith, D-Va.) is gone, and there is no man

who has the tactical and parliamentary skill that he had—nor the prestige. I just wonder if that played a major role in various successes? The Poverty bill is one, and the Education Bill is another.

BIEMILLER. I am quite willing to admit that the disappearance of Judge Smith from the House of Representatives has weakened the Southern bloc—there isn't any doubt of that. Judge Smith was, without any question, one of the ablest legislators of our time. I don't mean to infer that I wish he were back. I'm delighted he is no longer there as an opponent.

But, on the other hand, when you start talking, for example, about the Education Bill, we think there was some retrogression there this year. And, it was largely a result of the Southerners being unwilling to go along with the original bill, which gave more power to the Office of Education than the bill which just passed the House.

MACNEIL. It was a remarkable bill, in terms of the loss of your liberal Congressmen in the '66 elections, wasn't it?

BIEMILLER. But, it was saved in large part by the Senate. I would go one step further—it was saved in large part by Senator Wayne Morse (D-Ore.), who handled that bill very skillfully. He did an excellent job on it.

CRAWFORD. Mr. MacNeil, I wonder if the difference between the coalition now and the old coalition is that it now isn't a conscious working relationship—rather it is that "Ike and Mike think alike"—and when you come to voting, they vote alike?

MACNEIL. I see another difference, and I'm going to ask Mr. Biemiller about it. That is, it seems to me that the Republican leaders in the House—traditionally a very conservative group—have changed their strategy on bills. For example, in the education fight, they sort of gave up the question of whether or not the federal government should be involved, did they not? They are really fighting over how it should be involved. They are trying to put the programs onto the state level, which, I think, is the thing you are complaining about, isn't it?

BIEMILLER. Well, I think this is partially true, yes. Melvin Laird, for example, the Chairman of the Republican Conference—Congressman Melvin R. Laird from Wisconsin—is trying his level best to send federal revenue back to the states without any strings, or with very few strings, on the money. The argument has been that the states can do it better.

Well, this plays right into the hands of the Southern bloc, after all. The Minority Leader, Jerry Ford, can talk all he wants to about not wanting to have a coalition, but I would agree with Mr. Crawford—as a practical matter, there is a coalition.

As evidence of that, I would suggest that you take a look at the roll call on the first session, which the AFL-CIO has gotten out. I'll be glad, by the way, to send a copy of that to anybody who wants it, if they will write the AFL-CIO. You will find that on the key votes, particularly on appropriation matters, the Southerners and the Republicans are voting almost solidly together.

And that's where the trouble has been—cutting appropriations. Rent supplements, for example, is one illustration. Originally, the House wouldn't vote a penny. Well, the Senate came back with the \$40 million which the President had requested, and it finally wound up around \$15 million.

Now, that is the result of the jockeying.

The Senate has saved this Congress from being the real throwback that the House leadership of both the Southern Democrats and the Republicans would like it to be. The Senate still has a working liberal majority.

MACNEIL. May I turn to the other side of appropriations, which is taxes, and get your judgment on just where that stands at this point?

BIEMILLER. I still have grave doubts that the House Ways and Means Committee is

going to act. The AFL-CIO, at its recent convention, again urged the Congress to pass a surtax bill. We have some ideas on how we think the President's bill ought to be rewritten, in part. But, we do believe that it is very important to pass a surtax bill.

MACNEIL. Isn't there a paradox here? This Congress—particularly the House—has been voting for the appropriations they have approved, while complaining about the size of the deficit, and because of that, partially, are refusing to increase taxes until they get the President, of all people, to cut the appropriations still further. Do you agree?

BIEMILLER. I think that is correct. I found it a great paradox. But, this happens to be the attitude which the Chairman of the Ways and Means Committee, Congressman Wilbur D. Mills (D.) of Arkansas, has adopted. And, I don't know a more powerful person in the House of Representatives than the Chairman of the Ways and Means Committee.

MACNEIL. May I ask you for a political judgment here? What would be the price the President would have to pay, if he met the conditions that the conservatives in the House are demanding—the price for his tax bill, in cutting appropriations?

Presumably, they would come in the domestic area.

BIEMILLER. Well, about a \$4 billion cut has now been made, as a result of actions by the Congress acceded to by the Administration. Another couple of billion dollars were shaved off some of the original estimates.

I think that what the conservatives in the House want is to double that—to get the cuts up to around a \$10 billion figure, instead of this \$4 to \$6 billion figure that seems to have been reached.

Furthermore, I think they want some kind of a promise that in future budgets, there will be curtailment. I think that too many people read just the first two paragraphs of Mr. Mills' statement. In the third and fourth paragraphs he went on to say that he also wants some assurance that the constant expansion of government programs will come to a halt.

MACNEIL. If the President paid this price to get his tax bill, wouldn't this cost him enormously in his own effort toward reelection—and the efforts of his fellow Democrats—the liberal Democrats you are so anxious to get back?

BIEMILLER. That is certainly our view. This is what we have been advising the Administration all year long. We were delighted when the President took out, at our convention, on the Republican leadership and most of the Republican members of the Congress. A handful of Republicans, we think, have been voting in the peoples' interests. But, the great bulk of them haven't.

CRAWFORD. I take it, Mr. Biemiller, that the AFL-CIO has just about the same view as the President—that the failure to get a surtax was one of the great failures of this Congress?

BIEMILLER. Yes, indeed we think it was.

We think, for example, that just one area in which the surtax is important, is in keeping down interest rates. We are very disturbed by the constant upping of interest rates in the country. We think there is a direct relationship here.

Furthermore, we would agree with the point that Mr. MacNeil made a moment ago, that if you're as serious as we are about funding the great social programs, they have to be paid for. We recognize that. We have always said it.

And, our third point, not to be overlooked, is that this is the only war in history in which there hasn't been a special tax levied to prosecute that war. We feel very strongly that there ought to be a special tax to prosecute the war.

CRAWFORD. This is also the only war in which you have not had wage and price controls, which I take it, you are not in sympathy with?

Mr. BIEMILLER. We have said repeatedly that if the President believes that controls



are needed, we will back him in a program that would put controls across-the-board—no: only wages and prices, but also corporate salaries, interest rates and all the other phases of our economy.

If he comes up with a program that has true equality of sacrifice, we will back him.

MACNEIL. Mr. Biemiller, just what do you see as the major issues of the next session and what is the outlook for those fights?

BIEMILLER. Well, I think that the next session of Congress has to face, very seriously, the urban crisis.

It has to face, first of all, the creation of jobs. There is still a hard core of unemployed in our urban areas—and in our rural areas, as well—for whom jobs are not available. We strongly favor the effort that has been made by Congressman James G. O'Hara (D.) of Michigan, and some 70 or so other members of the House—which was picked up in part by Senator Joseph L. Clark (D-Pa.) and others in the Senate—to try to get job creation by the federal government for these people who are otherwise unemployable in the various services.

Secondly, we think there has to be a very serious attack made on housing. We would like to see a program of 2½ million units a year, including at least 300,000 units of public housing a year for the next two years, and 500,000 a year after that, for another five years.

We think that until this attack is made, we are going to have trouble in our cities.

MACNEIL. What about civil rights?

BIEMILLER. I'm coming to that.

Now, it also means that in the urban crisis, you've got to strengthen the education programs—the vocational education system needs further strengthening.

In civil rights, President Meany has testified for the full Housing Bill, and for the right of protection of person for anyone trying to exercise his civil rights. The Senate will start on that latter bill as soon as it gets back and we expect to see a real civil rights fight start in the Senate of the United States. We'll be in there fighting to pass the soundest legislation that we can.

CRAWFORD. But, realistically, Mr. Biemiller, you wouldn't expect very much more of the second session of this Congress than you got out of the first?

BIEMILLER. In the Senate, you can't get anything more, as long as Senator EVERETT M. DIRKSEN (R-Ill.) takes his intransigent attitude. With the Minority Leader saying he will not help break a filibuster, it's almost impossible to break one in the Senate.

But, I am delighted that the Majority Leader, Senator MIKE MANSFIELD (D-Mont.) is bringing the bill up. We will find out who is who on the question of civil rights in the Senate of the United States.

MACNEIL. Mr. Biemiller, I'd like to ask you another question on election possibilities—the kind of men you would like in Congress. What is the effect of Senator EUGENE MCCARTHY'S (D-Minn.) campaign for the presidency? Isn't this hurting the Northern liberals?

BIEMILLER. Well, I am told by many of the members of the Congress that they do not welcome the McCarthy campaign, particularly in those states where he will be involved in primaries. It is going to cause trouble for some of them, without any question.

CRAWFORD. It's conceivable that it will lead to the defeat of six or seven Senators, is it not?

BIEMILLER. It could, although I have a strong feeling that the country will rally more and more during the coming months behind the Johnson program and behind the Senators who have supported the Johnson program—particularly the domestic aspects of it.

MACNEIL. Is the war the big issue, or is it the domestic scene?

BIEMILLER. I think the domestic side is

going to emerge as a bigger issue than the war.

Now, on the war, you know our position—we are behind Johnson all the way. We are not flinching on it.

But, we have a strong feeling that the domestic issues are going to get a tremendous amount of attention during the second session of this Congress.

HARDEN. Thank you, gentlemen. Today's Labor News Conference guest was Andrew J. Biemiller, director of the AFL-CIO's Department of Legislation. Representing the press were Kenneth Crawford, contributing editor and columnist for Newsweek magazine, and Neil MacNeil, chief congressional correspondent for Time magazine. This is your moderator, Frank Harden, inviting you to listen again next week. Labor News Conference is a public affairs production of the AFL-CIO, produced in cooperation with the Mutual Radio Network.

### Federal Labor-Management Relations

#### HON. ROBERT V. DENNEY

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. DENNEY. Mr. Speaker, today I am introducing legislation designed to give the benefit of law to a long-established administrative practice. Under Executive Order No. 10988 issued on January 17, 1962, postal unions and the unions of other Federal employees were recognized. However, as my colleagues know, continued recognition is subject to the whim of the President unless sanctified by statute.

Mr. Speaker, since taking office in January of 1967, several cases involving Federal employees have been called to my attention. In some of these cases, serious doubts were raised in my mind as to whether the individuals involved had received a fair and equitable adjudication of their rights and grievances. Take for example the Post Office Department. Under existing procedures, they act as prosecutor, judge, jury, and executioner. Although additional relief can be secured through the Civil Service Commission, it also is an arm of the executive branch. As a former trial attorney, my sense of fairness is offended by such a system designed to handle employer and employee grievances.

My bill, H.R. 15185, is entitled the "Federal Employee Labor-Management Act of 1968." Many times I have heard some of my colleagues state that the Federal Government should be a model for the rest of the country in the field of labor-management relations. But, in practice, it has been the private sector who has been the leader in the areas of wages, working conditions, and labor-management relations. The time has come for us to recognize that fact and to put Federal Government labor policies into the 20th century.

H.R. 15185 would set up an orderly procedure under the Department of Labor to handle grievances between management and employees. In addition, it would set up penalties that would make it necessary for management to carry out its side of the bargain also.

Many people feel that such an approach would encourage Federal em-

ployees to strike. This bill has nothing to do with the right to strike but merely allows union officers to present grievances on behalf of their members without restraint or reprisal and sets up an orderly procedure for so doing.

Mr. Speaker, it would be my hope that this legislation could be considered by the appropriate committee as soon as possible. It is time to make a long-given promise a reality.

### Guns, Butter, and Whipped Cream, Too

#### HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. MICHEL. Mr. Speaker, in the early days of this current session, it seems to me that the word "priorities" has appeared in a great deal of the writing and conversation regarding the expenditure of Federal funds.

Unfortunately, talking about establishing priorities and actually doing so are two different things and I have seen no real interest or inclination on the part of the administration to impose a meaningful and realistic schedule of priorities in assigning funds for the various departments and agencies of Government for fiscal year 1969.

This whole question of ever-increasing Federal budgets resulting from approval of a never-ending series of programs by the Congress is a problem which I know has troubled a good many of my colleagues—and especially those of us who have opposed some of these programs on the basis that while they may be desirable, they are not vitally necessary and could be set aside until our fiscal picture is a bit more clear than it is at present.

Along those lines, a column by Mr. Jenkin Lloyd Jones appeared in the Washington Evening Star, Saturday, February 3, 1968, and I include that article at this point in my remarks:

#### GUNS, BUTTER, WHIPPED CREAM, TOO

If most of us keep insisting on getting what we want regardless of the consequences, we're all going to get it—in the neck. We can wreck this broad, beautiful and rich country. We have all made a pretty good start at it.

The dollar is in trouble. Washington is at last alarmed at the draining away of our gold reserves. The President has urged Congress to pass legislation that would discourage travel outside the Western Hemisphere, dry up further foreign investments by American corporations and make the profits of subsidiaries abroad immediately taxable. These measures would help—a little.

But almost simultaneously, Vice President Humphrey was making a speech to African nations in Addis Ababa, excoriating American "isolationists" who are trying to cut back foreign aid. Was he saying that private spending abroad is evil and government spending holy? There seems to be a bit of confusion.

Dealers in international currencies—the so-called "gnomes of Zurich"—are cashing dollars for gold for a simple reason. They do not see how the dollar can maintain its value in the face of perpetual annual deficits of staggering proportions. No point in shaking our fists at them. These men are simply realists. They regard the dollar with no more sentiment than they regard the pound, the krone or the yen. They merely abhor baloney money.



Nor does it do to blame the Vietnamese war, colossal as its cost is. America has the resources to conduct a major war and still produce a vast amount of butter. But America cannot produce guns, butter and unprecedented quantities of whipped cream and caviar, too. That is what we are attempting. Our system of priorities has broken down.

Mike Wright, chairman of the board of the Humble Oil and Refining Co., has remarked that the essential difference between business spending and government spending is this: business surveys its resources and then considers "needs"; and only incidentally considers resources.

Business is disciplined. It can't print money. So when outgo begins exceeding income it has to do something. But government can print money. It can sustain deficits for a long time by simply creating its own credit.

Yet both can go broke, and for the same reason: loss of confidence. When business can no longer float loans to make up deficits it goes under. And when the people lose confidence in the currency and bid tangibles up to fantastic prices, you have runaway inflation. Who wins?

Insurance policies, annuities and pensions are paid off in worthless bills. Labor cannot get wage increases as fast as wages depreciate. Government bonds on which the banks depend for their stability join the "securities" of the late Confederacy. Business and agriculture creep along on a barter basis. The economy is ruined.

I was talking recently to a congressman. "Every time I vote against new programs that I know we can't afford," he says, "my opponents shout for joy. 'He's against the poor,' they say. 'He doesn't want you to have good roads. He'd cost local industry contracts and union members jobs.' I like being a congressman. I ask myself if bucking the trend is worth it."

Of course it's worth it. If it's worth putting on your country's uniform and taking your chances in a foreign war, it's worth trying to preserve your country from its own folly.

But it's going to be hard to expect integrity from our lawmakers if we, the people, punish them for it.

We're all guilty. Business loves those government orders and bucks the higher taxes. Labor likes to convince itself that ever-higher wages will mean prosperity for all, regardless of productivity. Farmers dream of riskless agriculture. Many college professors are fascinated with government grants that often relieve them of the irksome business of teaching students and support them in pleasant, if sometimes frivolous, research programs.

Of course the gigantic bureaucracy feeds upon itself. It sees "unmet needs" everywhere. And bigger programs mean larger staffs, faster promotion and higher pay grades.

Let us not point accusing fingers at New Deals, New Frontiers and Great Societies. The immoral business of charging today's apple pie to our unborn grandchildren would not exist without our connivance.

We better begin to have the intelligence to support men in public office who will have the courage to say: "Nope! You can't have it—not all of it, not right now. And you can't put it on the cuff."

Otherwise, we'll all go over the falls.

### Tired of Excuses About Vietnam

**HON. E. Y. BERRY**

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BERRY. Mr. Speaker, I received a letter from a young man in my district

this week which I felt made more sense to me than anything I have heard from State Department spokesmen and administration leaders. I thought it should be read by every Member.

His letter follows:

Please forgive me if I sound mad. The truth is I am.

I'm tired of the same excuses about Vietnam. I'm tired of seeing our men killed all over the world. They are the best fighting men in the world but if we tie one hand behind them and furnish the weapons to our enemies to kill them, we are going to lose to the Communists not only in Vietnam but in our own wonderful country.

I think it's time to let our military men win just as soon as we can and stop worrying about how many civilians we will kill and worry about how many Americans we will save.

I fought in Korea with the 5th Marines so I know what those men are going through.

### Public Relations in the Jungle

**HON. JAMES R. GROVER, JR.**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. GROVER. Mr. Speaker, those of you who have grown weary of the overworked epithet "Ugly American" will share the pleasure I experienced in recognizing the antithesis of the prototype commonly identified thus, during my recent field inspection of the feasibility studies for a sea-level canal. In the steaming jungles of Panama and Colombia, Col. Alex Sutton, Jr., C.E. field director of the Atlantic-Pacific Inter-oceanic Canal Study Commission, has demonstrated ingenuity, leadership, and down-to-earth diplomacy, which is, I am sure, more typical of our Government representatives overseas than the fictional character which, unfortunately has become a national byword.

A team surveying in a foreign country with the known objective of ultimately building a sea-level canal, possibly with nuclear power is, obviously, a target for suspicion and hostility. The respect and affection shown to Colonel Sutton and his men at every point we visited has been earned by steadfast employment of patience, consideration and sound judgment. Because of the goodwill that has been established, and the professional competence of the team, the technical accomplishments are impressive.

The inspection trip started at Albrook Air Force Base in the Canal Zone. Accompanied by fellow Congressmen JOHN MURPHY, HENRY C. SCHADEBERG, Brig. Gen. Charles C. Noble, Engineering Agent, Office of the Chief of Engineers, Mr. John P. Sheffey, executive director of the Canal Study Commission, Colonel Sutton and others, we flew in two U.S. Army Huey helicopters down the rugged coastline of Panama to our first stop at Curiche in North Colombia. Curiche, a beach located on the edge of the jungle, is the site of the principal camp on Route 25, and the port for supplies and personnel brought from the Canal Zone by landing craft. From this base, which now has many of the trappings of civilization,

dozens of engineers, geologists, drillers, and technicians go back and forth to jungle outposts. Most of the activity in the camp centers at present on preparations for the geological drilling program.

Leaving the camp, we flew up to the weather station at Alto Curiche which is on a hill overlooking the beach. Here ESSA—Environmental Science Services Administration—is conducting meteorological studies. Every 6 hours, rain or shine, a weather balloon is released and tracked to a height of 60,000 or 70,000 feet and up to a hundred miles out. From this data, predictions will be made of fallout patterns from nuclear excavation.

From Alto Curiche we traveled over the mountainous jungle of the Continental Divide to Camp Teresita which lies inland just 15 minutes flying time from the weather station. Enroute we flew over the drilling site of Quiparado. From the air we could see that the site will work here for weeks at a time, completely dependent on helicopters for supplies. They will drill the first of many NX holes to a depth of about 1,300 feet to verify subsurface geology.

After landing at Camp Teresita, an auxiliary base camp and landing strip located on the Truando River, we inspected the camp and had lunch. We were impressed by this oasis of civilization which had been constructed in the depths of the Colombian jungles.

From Teresita we embarked for Loma Teguerre Weather Station located at the Atlantic end of Route 25. En route the thick jungle below gradually gave way to flat swampland which characterizes the Atrato River Delta. Here the marshes stretch for miles with the Atrato, which appears to be as wide as the Mississippi River, meandering through on its way to the Atlantic Ocean.

In the distance, rising out of the flat lowlands we could see the Atlantic meteorological station for Route 25. Here in the midst of hundreds of square miles of swampland is the Loma Teguerre Weather Station, located on a small hill.

Following a briefing by Colonel Sutton we boarded two fast fiberglass boats for a short trip up the Atrato to a hydrology metering station. Near the station a scientific party was gaging the Atrato River to determine water runoff data. This seemed to be quite an undertaking considering the size of the river which rules out the use of a cable car.

The trip continued from the metering station to the floating camp located at Sautata. This camp is a surplus Navy barge which has been converted into a barracks with kitchen and other necessary facilities. It is anchored to the shoreline of a Hacienda Sautata, a privately owned cattle ranch.

This was the end of the official tour, but Colonel Sutton felt it was important that the party make a courtesy call on the cattle ranch. Senor Mercedes de Yamhure, who, he told us, has always been most helpful to the studies. Doña Mercedes, a dignified middle-aged lady of Puerto Rican descent lives at the Hacienda Sautata attempting to manage the ranch in order to provide an estate for her children.

The ranch had once been a sugar plantation run by emigrant Puerto



Ricans, and a narrow gage railroad had been built from the hacienda to the river to transport the cane to a sugar mill which was located on the banks of the Atrato where the floating camp is now located. We rode this railroad up to the hacienda, but the flatcars were not pulled by a locomotive. Instead we used genuine horsepower—one mule and one horse.

Upon arriving at the hacienda, Doña Mercedes greeted Colonel Sutton with an "Abrazo" crying, "Alex, my son. Where have you been so long?"

After we had entered the house, Doña Mercedes told us how Colonel Sutton had come to her house as a stranger in 1965, requesting her support for the survey work in that area. She made available the only airfield in the area and has permitted a floating camp to be tied in her front yard. It was obvious that her regard for Colonel Sutton was high and that her sentiments were strong in favor of the United States.

The cooperation Colonel Sutton had received from the Yamhure family was just one example of his people-to-people program which has assisted him in carrying out his work. Following a policy of explaining the purpose and objectives of his project to key persons in remote villages, he has offset most of the opposition and resentment he has encountered.

In Turbo, a small town near the mouth of the Atrato River, initial courtesy calls made on officials assisted reconnaissance parties by insuring their freedom of movement in and out of the area. The frequent rotation of mayors, and customs officials have caused problems from time to time, but most of these situations have been anticipated and have been counteracted by simple gestures such as taking a group of local VIP's up the river to show them the latest developments in the survey. This type of consideration inevitably led to better understanding and improved relations.

While surveying Route 17 in the Darien, Indians presented many problems which had to be resolved before progress could be made. There are actually two types of Indians in this area: the San Blas, who inhabit the islands on the Atlantic terminus of Route 17 and the interior Cuna Indians.

The San Blas have become reconciled to missionaries, educators, and occasional visitors; however, they still do not wish to have their way of life disturbed, and were alarmed when they first heard of the impending studies.

The interior Cuna Indians live in the most remote and isolated regions of the Darien jungles and, to this day, resent and actively resist the encroachment of any outsider on their area. In the past, their reaction to the visit of a stranger has often been to lead him to the edge of their "reservations" and turn him loose in the jungle on his own.

When the survey team first arrived in this area they encountered just such an attitude. In the village of Morti, they were informed that the permission they had received from the Panamanian Government was worthless and that the land there belong to the Indians. All kinds of conflicting monetary demands were made of them, and obstacles were put in their

way. However, the initial meeting was terminated with the minimum of ill will because of the determination of Colonel Sutton to recognize and respect, insofar as possible, the customs and wishes of the Indians, up to and including cheerfully drinking fermented corn "chica" with the chief.

A major breakthrough was made when the chief of the village of Uala was persuaded to come to Colonel Sutton's office for a briefing on the overall studies. The chief had been told that the Yankees were coming into the area with nuclear bombs, would not ask permission from anyone, but would blast a canal which would displace and cause damage to the Indians. Hence this overt discussion of the proposed program helped greatly to reassure him, and he in turn reassured the others.

Because the chief of Uala had gained confidence in Colonel Sutton, he looked to the colonel for assistance when his village was swept with an epidemic of measles. Shortly thereafter he sent word to Colonel Sutton that 20 people had died and asked if he could send medical assistance.

Colonel Sutton contacted the Panamanian Minister of Public Health, Sr. Abraham Pretto, who is also the Darien representative to the Panamanian National Assembly. Sr. Pretto said that he could provide doctors but had no way of getting them into the area. With the cooperation of both U.S. Forces Southern Command and the Air Force, Colonel Sutton managed to get a medical team down to take care of the suffering Indians. More than 100 people were treated at that time, and it was later discovered that this was the first time that a doctor had ever visited that village.

Later, when measles broke out in another village, Colonel Sutton took a medical team down once more. This time he also heard of a man in the area being bitten by a fer-de-lance. Treating him with antivenom serum, Colonel Sutton took a calculated risk and had the dying man evacuated to La Palma Hospital where he could receive proper care. Fortunately, the Indian recovered, and members of the sea-level canal survey team found that they had gained a modicum of popularity in the jungle.

The good will engendered by these rescue missions was solidified by reaching a clear understanding and agreement with the Indians which would provide for fair and just treatment. The signed agreement stated that the OICS would:

First. Respect and not interfere with the civilization, customs, and people of the Indian villages.

Second. Respect and leave alone the animals, birds, and plants which the Indians considered essential to their existence.

Third. Hire Indian men for all general and unskilled labor required in the area.

Fourth. Promptly pay for any actual damage done during the course of the studies to property of the Indians.

Fifth. Respect the authority of the Indian chief in all relations with the tribe.

Colonel Sutton has found that the most effective method of winning the confidence of the Indians has been by attending innumerable council meetings or pow-wows, listening patiently to the complaints and fears of members of the tribe, and attempting to allay those fears by explaining time and time again what would take place under the studies, and assuring them that their rights would be respected.

During the course of these council meetings, Colonel Sutton often finds himself countering the allegations of professionally trained agitators, who are even found in remote Indian villages.

As well as overcoming difficulties with the natives, the party initially faced many technical and logistical problems which were compounded by the remoteness of the area and the environment.

Transportation of the heavy equipment needed was hampered by the fact that there were no roads, or ports, or adequate landing fields, and no landing craft which could discharge cargo on the beaches or go up rivers at high tide. Aircraft, particularly helicopters, were, and still are, in extremely short supply because of the situation in Vietnam.

Movement to and within the routes involved cayucos, foot trail, cutting through virgin jungle, and using what helicopters and light aircraft were available.

Beaches, cleared jungle strips, or paths hacked out of the jungle were used as landing fields.

All materials, food, and skilled labor had to be brought from the Canal Zone.

The climate proved to be another obstacle. For 9 months of each year, torrential rains hampered the work and made aerial resupply difficult. A flexible attitude had to be maintained to keep the work moving and personnel supplied.

I am told that on Route 17, in the Darien region of Panama, the technical programs are near completion. Topographic surveys have been carried out along the proposed alignment to verify map distances and elevations. To determine the effect of existing drainage systems discharging into a sea-level canal, 15 rainfall and combination rain and hydrology stations were established as well as two tide-gage stations, one at each end of the proposed route.

Extensive surface geologic mapping was carried out over the entire area, and approximately 11,000 feet of subsurface geological exploration, entailing 20 drill holes, was completed.

To collect data on human disease vectors and reservoirs of diseases, and venomous and otherwise harmful animals, insects, and plant life, representative specimens were collected by the medicology teams at several areas along Route 17. This material has been submitted to the Gorgas Memorial Laboratory in Panama for cataloging and processing.

The scientific and engineering data which has now been obtained should provide the basis for an engineering study to determine the feasibility of this route.

Similar work is still underway in Colombia. However, Colonel Sutton advises me that an increase in funding is highly desirable to insure a similarly valid study



of this area. We should take advantage of our opportunity to complete the Colombian surveys, using people now on the job. The field work in Colombia should extend until June 1969. I am told that the Commission needs until December 1970 to complete its final report and that an amendment to the study legislation is to be submitted for the additional time and money required. In my opinion, this amendment should be provided so that the Congress gets the full picture of the canal options which are available.

### Silver Anniversary of the Women Marines

HON. PETER H. B. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. FRELINGHUYSEN. Mr. Speaker, on Tuesday, February 13, the Women Marines will observe the 25th anniversary of their founding. Although relatively few in number—their strength currently stands at 2,700—the Women Marines will observe their silver anniversary against a proud background of patriotism and esprit de corps.

This observance, Mr. Speaker, carries a special significance for me since it is my good fortune to have as one of my constituents, Mrs. Ruth Cheney Streeter, of Morris Township, the first director of the Marine Corps Women's Reserve.

I include in the RECORD at this time a history of the Women Marines as well as a newspaper article written by staff writer Anna Nagy and published in Morris County's Daily Record, Morristown, N.J., concerning Mrs. Streeter.

The history and news article follow:

#### WORLD WAR I

To look back to their earliest beginnings . . . 305 women served briefly, but efficiently, in the Marine Corps during World War I. These were the "Reservists (Female)" popularly referred to as "Marinettes"—who were enrolled to perform clerical jobs, thus freeing men in those billets for combat duty. First of these forerunners of today's Women Marines, Mrs. Orpha May Johnson, enlisted in Washington, D.C., on the day after the Honorable Josephus Daniels, then Secretary of the Navy, authorized the Navy and Marine Corps Reserves to accept women for service. The date of that authorization—August 12, 1918—has a special significance for today's Women Marines, who realize that the dedicated service of their World War I predecessors eased the way for their own later acceptance by the Corps.

Opening the ranks of the proud Corps to distaff Marines was based on a government estimate that "40 percent of the work at Headquarters Marine Corps could be performed by women as well as men." Recruiters were instructed to enlist only women of excellent character and neat appearance, with business and office experience. The greatest demand was for competent stenographers, bookkeepers, and typists, but women who possessed a working knowledge of correspondence and basic clerical skills were also eligible.

Less than a month after the initial recruiting call, 31 Reservists (Female) had signed up, and by September 1918 the Commandant of the Marine Corps had called them to active duty. Most of them were assigned duties at Headquarters Marine Corps,

in the offices of the Paymaster, Quartermaster, Adjutant and Inspector, or the Commandant. A handful were stationed in recruiting offices outside the Washington area, some as far away as San Francisco and Portland, Oregon.

The Marinettes in Washington, D.C., performed their regular duties and also participated in victory parades and other ceremonies in the Nation's Capital. A month prior to disenrollment in 1919, the entire unit was in the Guard of Honor, facing the Presidential Reviewing Stand at the White House, for a parade of troops just returned from the front. The showing was pronounced "creditable to the girls and to the Marine Corps."

On July 30, 1919, Major General Commandant George Barnett issued orders for the separation of all women from the Reserve. Those on active duty were immediately transferred to inactive status. Gradual disenrollment continued until, by 1922, all of the Marinettes had packed away their uniforms and returned to civilian life. Many of them accepted Civil Service appointments at Headquarters Marine Corps, thus retaining their contact with the Corps. But—from a military standpoint—for the next two peaceful decades, the Marine Corps remained strictly a man's world: the woman's touch was a matter of memory.

#### WORLD WAR II

Americans were still remembering Pearl Harbor, but the war in the Pacific was almost two years old before the men of the Marine Corps—hearkening back to the service of the World War I Marinettes—again looked to woman-power to meet the new war's unprecedented demands for man-power. On November 7, 1942, under legislative authority sponsored by Congressman Melvin J. Maas of Minnesota (the late Major General Maas, USMCR), the wartime Commandant of the Marine Corps, General Thomas Holcomb, approved the formation of the United States Marine Corps Women's Reserve.

Prior to public announcement of the new Women's Reserve, Mrs. Ruth Cheney Streeter of Morristown, New Jersey, had been selected to head it. On January 29, 1943, Mrs. Streeter was quietly commissioned a Major, USMCWR, and sworn in as its first Director by the Honorable Frank Knox, Secretary of the Navy.

Major Streeter was not, however, the first woman to go on active duty in the Women's Reserve in World War II. That distinction—and the first commission in the new Reserve—went to Mrs. Anne A. Lentz, WR representative for Clothing. A civilian clothing expert who had helped outfit the Army's WAAC's, Mrs. Lentz had originally come to the Marine Corps in December 1942 on a 30-day assignment to help design the uniform for the Women Reserves, and wound up wearing one herself.

Along with Major Streeter and Captain Lentz, six other women whose abilities and civilian experience fitted them for priority billets were subsequently selected for "direct commissions" to aid in setting up the new women's program. One of these, Captain Lillian O'Malley Daly, WR representative for West Coast activities, was a former Marinette. Another, Captain Helen C. O'Neill, WR Assistant to the Director, had been one of the Navy's Yeomanettes in World War I. The other four—and their respective assignments—were:

First Lieutenant E. Louise Stewart, WR representative for Public Relations;

Captain Charlotte D. Gower, WR representative for Training;

Captain Cornelia D. T. Williams, WR representative for Classification and Detail; and Captain Katherine A. Towle, WR representative for Recruit Depot.

Public announcement of the Marine Corps Women's Reserve program was made by General Holcomb on February 13, 1943.

From the beginning, recruiters throughout the country found themselves swamped with women who wanted to be Marines. In the Nation's Capital alone, more than a hundred volunteers appeared during the first two days. From all walks of life they came: widows of Marines, high school girls, office workers, grandmothers, and college students—all wanting to do something for their country.

Since the Marine Corps had no facilities for training women, the Navy offered the use of its training schools: Hunter College for enlisted women, Mount Holyoke College for officer candidates.

Seventy-five women (the first officer class) entered Mount Holyoke on March 13; they were commissioned on May 11. On March 26, the first enlisted class (722 women) arrived at Hunter. They graduated the following month.

Women Marine Reserves continued to train with the Navy until July 1943, when a newly constructed training complex for both officer candidate and enlisted schools and Women's Reserve specialist schools was opened at Camp Lejeune, North Carolina.

The Women's Reserve had received an "official frown" from high Marine Corps sources in the beginning; however, once the women came aboard, both they and the men worked to make the program a success. Two major morale factors contributed to this end. First, the Marines shared their own proud name, making the Women Reserves the only service women who did not answer to an alphabetical designation or quasi-official nickname. They were accepted as a full-fledged part of the Corps—not an auxiliary in any sense. Second, the men's distinctive uniform was followed closely, with requisite feminine modifications for the Women Marines. As a Director of the Reserve at the time expressed it, the men wanted the women to wear the traditional forest green of the Corps, in a design "sufficiently like the Marine Corps uniform to permit no possibility of doubt as to the branch of the service to which the Women Reservists are attached."

"Free A Marine To Fight!" was their recruiting slogan, and the women lived up to it. Within a year of activation, Women Reserves were serving at every major post and station and in recruiting districts all over the United States. An original prediction of 30 jobs had grown into over 200 assignments. Besides the usual clerical jobs, specialist billets for which women had been trained were being turned over to them. In significant numbers, they were assigned to such fields as communications, quartermaster, post exchange, motor transport, food services, personnel, intelligence, administration, recruiting, community relations, education, legal assistance, and photography. In aviation, their skills ranged from parachute rigger, to Link trainer instructor, to aerologist, to control tower operator.

By June 1944, Women Reserves constituted 85 percent of the enlisted personnel at Headquarters Marine Corps, and from one-half to two-thirds of the personnel manning all major posts and stations in the United States.

In September 1944, Navy regulations were modified to permit women of the Naval Service to serve on a volunteer basis anywhere in the Western Hemisphere, including Alaska and Hawaii. On January 28, 1945, the first contingent of Women Reserves (160 enlisted and 5 officers) arrived in Hawaii. Before the war was over, nearly a thousand women, making up two detachments, served with Marine Garrison Forces, Pearl Harbor, and at Marine Corps Air Station, Ewa.

Exactly how many Marines the Women Reserves freed to fight was often a subject for speculation. Their peak strength—nearly 19,000—approximated the strength of a Marine Corps division. General Alexander A. Vandergrift, the second wartime Command-



ant, once remarked that the Women Reserves could "feel responsible for putting the 6th Marine Division in the field; for without the women filling jobs throughout the Marine Corps there would not have been sufficient men available to form that division."

With the close of hostilities, the women's units were demobilized rapidly. By December 7, 1945, two-thirds of the Women Reserves had been separated from the service or transferred to inactive reserve status. Those who remained were scheduled for release by September 1, 1946.

#### THE POSTWAR YEARS (1946-49)

Early in 1946, when total demobilization of the Women's Reserve was imminent, the Marine Corps elected to retain a small nucleus of trained women to set up a postwar Reserve, so that never again would it be necessary to "start from scratch." Accordingly, a few selected Women Reserves were assigned to Headquarters Marine Corps, to work out plans for the postwar Reserve. Some others remained on duty at major posts and stations and in the recruiting districts.

In all, from the end of 1946 through early 1948, there were no more than a hundred volunteer Women Reserves on active duty with the Marine Corps. Few though they were, these were the women whose continuity of service bridged the gap between the wartime Women's Reserve and a permanent war-and-peace-time women's component of the Corps. Thus, it was they who, in effect, established the 13th of February 1943 as the true birth date of Women Marines.

With the passage of the Women's Armed Services Integration Act on June 12, 1948, Congress authorized the acceptance of women into the Regular Marine Corps. Initially, appointment or enlistment was limited to women then on active duty or with previous honorable Reserve service, but in January 1949 recruiting was opened to women without prior military service.

Early in 1949, basic ("boot") training for women was moved from Camp Lejeune to the Third Recruit Training Battalion at Parris Island, South Carolina. In June of the same year, training for women officers was set up as a part of the Marine Corps Schools at Quantico, Virginia; and a program similar to that offered to men was opened to qualified undergraduate college women and outstanding enlisted women.

Within that same period (in April 1949), the first Organized Women Reserve Platoons were activated. Beginning with units in Kansas City, Missouri and Boston, 13 of these Reserve platoons were established as part of the men's Organized Reserve units in major cities throughout the country. Women members attended regularly scheduled drill sessions, and participated in the 2-week Reserve summer field training program, just like the men.

#### KOREA

Reservists joining the women's platoons certainly could not have foreseen that they would soon be living up to the World War II motto, "Free A Marine To Fight." But, in the summer of 1950, when the Korean War broke out and the Marine Corps Reserve was called up, Women Reserves were mobilized—for the first time in history—to answer their country's call to the colors.

By August 1950, all 13 Organized Woman Reserve Platoons had reported—as units—for duty at major posts and stations. In numbers, they did not approach the strength of the Women Reserves of World War II; but, they accomplished their mission by stepping into jobs for which their reserve training had prepared them. Like the women of two previous wars, they freed Marines for combat duty.

#### POST-KOREA

Following the Korean War, 7 new Organized Woman Reserve Platoons were added to the

original 13, bringing their total to 20. These platoons continued as the backbone of Reserve training for women until 1958, when budget limitations forced their disbandment. About a third of the women who were attached to the deactivated platoons affiliated with their parent men's Organized units. Of the remainder, who were transferred to inactive reserve status, many continued their Marine Corps service as active participants in the Reserve Volunteer Training units.

On the Regular side, the number of Women Marines remained small, their legal limit set at two percent of the strength of the Corps. But, their selection and training continued to provide a source of well trained, professionally minded women, ready for emergency mobilization needs.

#### VIETNAM

Today, with the Marine Corps heavily committed in Southeast Asia, its women continue in their traditional role of freeing Marines for combat—not only in stateside jobs, but in overseas assignments undreamed of by those who set the tradition.

Within the past three years, Women Marines have seen duty in England, France, Germany and Italy; in Panama; and in the Dominican Republic, where an unexpected turn of events in April 1965 brought Master Sergeant Josephine S. Davis recognition as the first Woman Marine to undergo hostile fire. Hawaii, long their farthest outpost, has become a stopover for women on the way to duty in the Philippines, and beyond.

More recently, on September 6, 1966, authority came down from the Commandant of the Marine Corps permitting Women Marines to volunteer for service in the Far East. Within a month, Captain Marilyn E. Wallace was on her way to the Marine Corps Air Station, Iwakuni, Japan—the first of some one hundred Women Marines currently stationed in Japan, Okinawa, and South Vietnam.

Distinction of being the first Woman Marine ordered to a combat zone goes to Master Sergeant Barbara J. Dulinsky, who volunteered for Vietnam duty and reported, as ordered, to the Military Assistance Command in Saigon on March 18, 1967. That Sergeant Dulinsky—and six other Women Marines who followed her—are fulfilling their mission competently is evidenced by requests for assignment of yet more Women Marines to the Command in Saigon.

White House recognition of Women's military value came on November 8, 1967, when President Johnson signed into law a bill giving women in the Armed Forces equal promotion opportunity with their male counterparts. Attending the East Room ceremony were servicewomen of the past and present, including Colonel Barbara J. Bishop, Director of Women Marines, and all but one of her predecessors. Significant among the President's remarks that day was the statement:

"Our Armed Forces literally could not operate effectively or efficiently without our women. . . . So, both as President and as the Commander in Chief, I am very pleased and very proud to have this measure sent to me by the Congress."

Such high tribute to their worth stands as inspiration to all Women Marines as they enter their Silver Anniversary Year. But, with or without recognition—and this truth they have already proved—so long as today's Marines must defend freedom by force of arms, today's Women Marines will stand fast in the tradition that is as old as their service, freeing Marines to fight!

#### PROUD TO BE JUST MARINES

(By Anna Nagy)

MORRIS TWP.—The Army had its WACS; the Navy, its WAVES; and the Coast Guard, its SPARS.

"We were proud to be called just Marines,"

said Mrs. Ruth Cheney Streeter, the first director of the Marines Corps Women's Reserve. "They gave us no fancy name, which pleased us very much."

In 1943 women were called to the corps to "Free a Marine to Fight." On Tuesday, Feb. 13, the Women Marines will be 25 years old.

Even before public announcement was made of the new Women's Reserve, Mrs. Streeter, 215 Sussex Ave., had been selected to head it. She was commissioned a major and sworn in as its first director on Jan. 29, 1943.

"To this day I'm not exactly sure why I was chosen," said Mrs. Streeter, who still shows slight Marine authority when she speaks. Her name was submitted by Basil O'Connor, who had been a law partner of President Roosevelt. She had had no experience in administration, except as a volunteer. "Perhaps this is what they were interested in," she added.

"I did not personally command the women, as some people think," she said. "They were under the orders of the commanding general at each base."

As director, her duties involved public relations, speech making and staff work. Her base of operations was at Headquarters Marine Corps in Washington, D.C., where 90 per cent of the enlisted personnel were women.

"We were subject to the same military discipline as were the men," said Mrs. Streeter, admitting "it took some getting used to."

"A 40-hour week was unheard of," she added. "We worked from 8 a.m. to 4:30 p.m. weekdays and a half day on Saturday or until the work was done."

"Women Marines held all jobs except combat duty and heavy lifting," said Mrs. Streeter. These included everything from telephone linesmen to airplane mechanics. "There was nothing frivolous about our work," she said. "We were devoted to winning the war and felt in order to wear a uniform, we had to earn it."

Mrs. Streeter served as director throughout World War II. She retired with the rank of colonel, and was awarded the Legion of Merit for outstanding service.

Born in Brookline, Mass., she was graduated from Bryn Mawr College. She has lived on Sussex Avenue for 46 years.

A long time interest in aviation led her to receive her commercial pilot's license in 1942. For many years, she was the only woman member of the Committee on Aviation of the New Jersey Defense Council.

Widow of Thomas W. Streeter, she has three sons, Frank S. of New York City, Henry S. of Boston, Mass., Thomas W. of Plainfield, and a daughter, Mrs. Britton Chance of Philadelphia.

Celebrations will be held throughout the country in observance of the Women Marines' 25th anniversary. A luncheon is planned for Saturday, Feb. 10, at the Freehold Battleground Country Club by the Women's Marines Assn.

A collection of personal correspondence and other papers of Women Marines will be added to the manuscripts' collections of the Marine Corps Museums at Quantico, Va. The dedication ceremonies will take place on Feb. 12 with Mrs. Streeter making the first presentation.

Simultaneous religious services will be held Sunday, Feb. 11, with Mrs. Streeter participating in the principal service at Headquarters Marine Corps in Washington, D.C.

To some, the Women Marines are approaching their 50th birthday. During World War I, 305 women served briefly in the Marine Corps, but after the war turned in their uniforms and returned to civilian life. Ladies disappeared from the military scene until Nov. 7, 1942, when the formation of the U.S. Marine Corps Women's Reserve was approved.



### Congressman Cahill's Leadership

#### HON. JOSEPH M. McDADE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. McDADE, Mr. Speaker, recently our colleague, the gentleman from New Jersey [Mr. CAHILL], appeared in Hartford, Conn., to speak before the bar association of that State.

The subject of his presentation was "A Call for Public Dialog: Auto Insurance."

The gentleman from New Jersey is the first Member of Congress of the United States to point out the need for reform in this area.

His leadership in this field has led to action in the other body, in the Judiciary Committee of this body, and most recently by the President of the United States.

The gentleman from New Jersey's statement in Hartford outlines the problem, discusses its causes, and suggests a method of solution for those interested in the problems confronting the consumers of this country in relation to automobile insurance, I recommend the gentleman's speech.

I salute him for showing the way to both Congress and the President in this important area.

The address referred to follows:

#### AUTO INSURANCE—A CALL FOR PUBLIC DIALOG (Statement by WILLIAM T. CAHILL)

It is indeed an honor to be present here today. As the Representative of New Jersey's 6th Congressional District and a member of the House Judiciary Committee, it is my hope that this dialogue, debate and forum will ultimately contribute to the solution of the grave problems confronting the Nation with respect to automobile liability insurance.

The importance of this subject is perhaps best illustrated by the rare agreement of the Bar, the insurance industry, and Representatives of government that a crisis presently exists in the automobile insurance system.

Such agreement has been widely evidenced. Consider, for example, the statement of Bradford Smith, Jr., Chairman of the Insurance Company of North America, which has appeared in a nationally circulated advertisement:

"For the past several years, it has become clear that the present automobile insurance system in America is not working to the satisfaction of anyone, neither the consumer, the insurance companies, nor the State and Federal Government."

In the informative and comprehensive coverage of the problem in *The American Trial Lawyers Association* magazine of October 1967, Craig Spandenbergh was quoted as follows:

"Automobile insurance has become a national problem . . . (which) . . . has developed into a severe national headache." Moreover, in a report on automobile insurance which was approved by the full House Judiciary Committee, staff investigators reported:

"By any objective standard, the performance of the automobile insurance business in the United States is unsatisfactory. The system is slow and expensive and the companies involved are doing a poor job."

Any remaining doubt that a problem does indeed exist, that it is national in scope, that it is of deep concern to the American public and that some solution is mandatory, should be dispelled by a recognition of the

attention automobile insurance is now receiving in the Congress.

The Judiciary Committee, on which I have the honor of serving in the House of Representatives, has already published and approved its staff report, and I, along with several other members, have urged the Chairman to appoint a special investigative subcommittee to commence hearings forthwith. Chairman Cellar, however, has agreed that investigation is called for but has indicated a preference for assigning this important task to the Federal Trade Commission.

In the Senate, Senator Hart, Chairman of the Senate Subcommittee on Anti-Trust and Monopoly, has announced his intention of scheduling hearings in early 1968. At the same time, Senator Magnuson, Chairman of the Senate Commerce Committee has requested the recently established Department of Transportation to examine the present system of traffic accident compensation, the effectiveness of existing governmental regulation of automobile insurance, and the possible alternatives to the existing system of compensation.

In addition to these major efforts, subcommittees of the House Commerce and Senate Judiciary Committees have become involved in aspects of the automobile insurance problem. However, the enormity and importance of the problem is perhaps best demonstrated by the specific inclusion of this subject in the recent State of the Union Address by the President of the United States.<sup>1</sup>

What has happened in the United States to bring about such universal concern and concentrated effort in the area of automobile liability insurance? In my judgment, there can be no precise and specific answers to this question. Unlike a mathematical equation which follows quantitative laws, the automobile insurance system depends on social and economic pressures as well as human error.

Thus, like care for the elderly, education for the young, and job opportunities for our adult population, automobile liability insurance presents a social problem which must be resolved in accordance with modern realities. And in 1966, the realities principally involved were as follows: 102 million licensed drivers operated 96 million registered vehicles 935 miles. During this operation, 14 million accidents resulted in 53 thousand deaths, 3.7 million injured and 24 million vehicles damaged, with a total loss to the American public running into the billions of dollars.

Despite the difficulties inherent in specifying the problem, however, it has been my observation that it has been brought into sharp focus and has merited national attention for the following reasons:

First, the cost of automobile liability insurance to the consumer has soared during the past few years. Nationwide, average premium rates for "regular" liability coverage have increased a staggering 55% during the past decade. Moreover, disproportionate rate increases in urban and other areas of the country have made it increasingly difficult for motorists to afford insurance protection.

Second, arbitrary and selective risk classification practices of the insurance industry

<sup>1</sup> The day following the presentation of this speech in Hartford, the President, in his message to the American consumer, stated:

"While many proposals have been made to improve the [automobile insurance] system, many questions remain unanswered. The search for solutions must be pressed."

"I propose legislation to authorize the Secretary of Transportation to conduct the first comprehensive study of the automobile insurance system. He will undertake this review with the full cooperation of the Federal Trade Commission and other appropriate agencies of the Executive Branch."

have developed tremendous public hostility towards the industry. During the course of investigating complaints of constituents, my office discovered numerous instances where the elderly, the young and members of minority groups had their policies cancelled or otherwise terminated for reasons unrelated to individual driving abilities.

Such classification practices have not only required motorists to pay costly "high risk" rates but have critically affected the operation of State assigned risk plans. As recently indicated by North Carolina's insurance commissioner:

"Something is wrong with the automobile assigned risk plan. Seventy-five percent (75%) of the people in it are safe drivers, and there is no excuse for packing people into assigned risk at the rate the insurance companies are packing them in."

Third, in the past decade, despite State licensing and capital reserve laws, more than 100 companies writing automobile liability insurance have become insolvent. The results have been tragic for more than 300 thousand policyholders and victims of automobile accidents who hold pending claims in excess of one-half billion dollars against total assets of the insolvent companies of less than \$25 million. One State alone, Pennsylvania, has had more than 20 insolvencies in the past several years. What good, therefore, to pay premiums for protection throughout the years only to find when coverage is needed, it is not available. What answer is given to the legless victim of a negligent driver when the insurance carrier has no assets. The factual situation argues more forcefully than my words that supervision has been inadequate.

Fourth, delays in receiving compensation under the present automobile insurance system have provided another major dissatisfaction. Protracted settlement negotiations and congested court dockets generally require that an injured claimant wait from two to six years before compensation is granted.

Every practicing lawyer in the United States is thoroughly aware of the major congestion in our crowded Court calendars. While the backlog varies according to area, in most states a period of at least two years elapses between the filing of the complaint and assignment of the case for trial. As a result, many injured victims, recognizing the delay, settle their cases for inadequate amounts without, or against, the advice of counsel. On the other hand, insurance companies find the delay to their advantage and decline to pay a realistic value in settlement until they are at the courtroom steps. Additional judges have not solved the problem.

The previously described aspects of the automobile insurance crises, however, do not exhaust the number of defects which might be presented. In my judgment, they do suggest the major reasons for the present widespread effort and concern.

Having indicated the nature and dimensions of this social problem, it would be well to present an indication of its origins and causes. I think it is fair to say that the problem had its inception in 1944 as a result of the decision of the United States Supreme Court in the case of *U.S. v. Southeastern Underwriters Assn.*, 322 U.S. 533. This case originated in 1942 when the attorney general of Missouri commenced an investigation that resulted in a criminal indictment in Georgia against the Southeastern Underwriters Assn., 27 of its officers and 198 member companies. Two violations were charged, price fixing and agreement to monopolize. The United States District Court, following precedent established in 1869, dismissed the case on the ground that insurance business was not commerce and thus was not subject to regulation under the Sherman Anti-Trust Act. On appeal, the United States Supreme Court, by a four to three decision, reversed and affirmed the supremacy of the power of Congress to regulate insurance in the public interest. The Supreme Court said:



"Our basic responsibility in interpreting the commerce clause is to make certain that the power to govern intercourse among the states remains where the constitution placed it. That power as held by this Court from the beginning is vested in the Congress, available to be exercised for the public's welfare as Congress shall deem necessary. No commercial enterprise of any kind which conducts its activities across state lines has been held to be wholly beyond the regulatory power of commerce under the commerce clause. We cannot make an exception in the business of insurance."

Immediately, the insurance industry and State commissioners were presented with a decision. That decision was to either change completely existing practices or to obtain legislation in the Congress negating the Court's decision. Actually, the decision had been anticipated and legislation was, in fact, pending in Congress when the decision was announced. Thus, to nullify the Supreme Court's decision, the National Association of Insurance Commissioners immediately undertook action to obtain enactment of that legislation and, as a result, on August 29, 1944, the hurriedly and inadequately debated McCarran-Ferguson Act became Public Law 84 of the 79th Congress. In effect, the McCarran-Ferguson Act, by vesting primary responsibility for insurance regulation in the states and by exempting the insurance industry from Federal Anti-Trust jurisdiction, reestablished the legality of the practices successfully challenged in the *Southeastern Underwriters* case.

However, the effect of this monumental legislation on the public interest was not immediately apparent. Unlike today, automotive transportation during wartime 1944 was extremely limited. Cars were not being produced and those pre-war vehicles available for civilian use were not capable of the 300 horsepower of modern machinery. Similarly, highway construction projects were limited to providing defense and economic infrastructure. Thus accidents were at a minimum. With the tremendous increase in America's dependence on automotive transportation, however, the problems inherent in the McCarran-Ferguson Act of 1944 have become evident:

First, State Governments generally have proved ill-prepared, incapable or unwilling to effectively regulate insurance in the public interest. Under the McCarran-Ferguson Act's delegation of supervisory authority, the several states have established diverse systems of insurance regulation and licensing requirements.

However, with respect to ratemaking procedures, a majority have adopted some form of the 1947 All Industry Commissioners model bill drafted by the NAIC. Generally, this approach permits individual companies or, alternatively, rating organizations to file applications for rate increase. The standard applied by the state supervisory authority is to determine whether rate increases are "excessive, inadequate or unfairly discriminatory." Under this fragmented system of regulation, separate determination of the "reasonableness" of rate increases by individual state authorities has proved a vexatious and inconsistent procedure. Generally, the state insurance commissions have been ill-equipped in terms of budgets, staffing and expertise to gather and analyze the data indicating the "reasonableness" of premium increases. Largely this inability results because under conditions of modern-day automotive transportation, rate reasonableness depends on the nationwide profit and loss experience of insurance companies, their internal corporate structure and overhead, and the frequency and seriousness of interstate automotive accidents. Certainly, the state commissions have been at a disadvantage in dealing with centralized insurance rating bureaus which employ specialized personnel and impressive nationwide statistical intel-

ligence and data gathering systems. Apart from the inadequacies of state administrative and supervisory agencies, in many states, state officials have proved unduly responsive to the interests of the insurance industry and, for political reasons, seem to have substituted cooperative arrangements for arm's-length dealings. It has only been in recent years that public rate increase hearings have been held and public defenders appointed to cross-examine the experts, to present arguments against the application and to represent the public. I would thus caution, in the words of the House Judiciary Committee:

"All these factors add up to inadequate protection to public interest and too great a reliance on an industry that is all too willing to assist the processes of its own regulation."

A second major effect of the McCarran-Ferguson Act is that the exemption of the insurance industry from Federal Anti-Trust jurisdiction has proven contrary to the best interests of the public. As national concern with the automobile insurance industry increases, it has become apparent that the industry has frequently attempted to maximize profits without regard to the public interest. Under exemption from the Sherman and Clayton Acts, the industry has preferred to request rate increase through collaborative rating bureaus rather than on the basis of the individual competitive performance of companies. Accounting methods designed to indicate operational losses rather than the true earnings picture and general marketing inefficiencies have also been characteristic.

Further, it is my understanding that insurance companies without exception have resisted any effort by State Commissioners to include investment income in the consideration of rate increase applications. I have personally argued before the New Jersey Commissioner that two elements of investment income are essential for inclusion in fixing premium rates. These are the incomes earned on the investment of prepaid-unearned premium reserves and of claims reserves. It is impossible, in my judgment, to argue with any logic that this income should be eliminated from the consideration of State Commissioners in their determination of what is a reasonable profit for companies. The day is coming, in my opinion, when insurance companies who are licensed and, therefore, have a privilege granted on the basis of public need, must recognize that all income must be considered in determining whether or not a price increase is necessary.

These, then, are the apparent effects of the McCarran-Ferguson Act. While the impact on the motoring public cannot be measured with precision, it is clear that the results of this legislation and its implementation have been higher premium costs, arbitrary classification of motorists as "high risks" and insurer insolvencies. However, in my judgment, it would be unfair to place the blame for these results solely with the insurance industry. The contention of the industry that higher jury verdicts, more costly repair expenses, and soaring hospitalization and physician fees contribute to the problem seems well founded. Likewise, increased accident rates, inadequate safety design of cars, and inadequate highway safety engineering undoubtedly provide contributing causes. Yet, despite these higher costs and causes of claims, in my judgment, there is no justification by the insurance industry of its performance. Similarly, there is no justification for the apparent ineffectiveness of the present regulatory structure.

Throughout this discussion, it has been noted that the problem and its causes are imprecise. Yet, since the first automobile collision occurred, the problem of accident compensation has, to some degree, been recognized. However, the first major nationwide effort to change the existing system of negligence liability has occurred only in re-

cent years as the result of the study of Professors Keeton and O'Connell. The widespread discussion of their plan obviates the need for further discussion by me. Suffice it to say that the Kemper Insurance Group, which originally retained Professors Keeton and O'Connell as consultants, is now the chief critic of their recommendations. While the obvious defects of the plan have been articulated by persons more knowledgeable than myself, I am convinced that Professors Keeton and O'Connell have rendered an outstanding service to the country, to the insurance companies, to the plaintiff's lawyers and to the general public by focusing the searchlight of publicity on the problem and developing a dialogue, of which this forum is but a single example, which hopefully will develop a workable, feasible and equitable solution to the problem.

The present system of adversary proceedings for the establishment of fault and the jury verdict have been in effect in this country since the first claim for injuries was filed. To say that it is without defect would be ridiculous. To say that it should be replaced by another system because it has faults is equally ridiculous. I recall my first term in Congress. I was appalled by the seniority system. I determined to criticize it publicly and to urge its complete elimination. Fortunately for me, I confided my intention in an older member. He said to me:

"What is your alternative? Will your alternative be better than the present system? How do you know it won't create more problems than it eliminates? Don't you believe that a system that has been in existence for generations must have merit? Wouldn't it be wiser to fight to eliminate the abuses than to eliminate the system?"

I would, therefore, urge upon those who would completely change the system that serious thought and mature judgment is indicated lest more problems, at more cost, at greater injury to the public result. Yet, reform and improvement is absolutely necessary. The cost of insurance must be kept within the reach of the average man's pocketbook. The injured victim must be given speedy, just compensation. The insurance companies must make a reasonable profit. Our courts must operate more efficiently and more expeditiously and, therefore, we must act now!

I determined when I came to Hartford today that I would follow the suggestion of the well-known Father Keller and that I would attempt "to light a candle rather than curse the darkness." Therefore, in order to promote and develop the dialogue, I suggest some personal views on this problem. I have become personally convinced that Federal jurisdiction is essential because of the nature of the problem. It is just as foolish to expect the States to regulate automobile insurance as to regulate airplanes, railroads, trucks and busses in interstate business—for truly the automobile is a vehicle engaged in interstate commerce.

I, therefore, favor immediate Federal legislation along the lines of the Federal Deposit Insurance Corporation to insure against insolvencies of insurance companies, laws requiring minimum national standards of coverage so that a Connecticut resident will be protected by the negligent driver of an out-of-state car, laws requiring minimum standards in regard to capitalization and reserves with Federal authority to make certain they are maintained, laws spelling out basis for cancellation and refusal to renew policies, and legislation eliminating discrimination in relation to age, nationality, and color.

And now, so that the dialogue begun by Professors Keeton and O'Connell may be continued, I should like to propose a plan to which I have given some thought and consideration. I have become convinced in an active practice in the trial courts that a basic problem lies with the small claim. It is neither profitable for the claimant, the at-



torney nor the insurance company to litigate. It clutters the court calendars. The small claim is costly to the insurance carrier and a losing proposition for the practicing attorney. I am, therefore, persuaded that one of the first steps indicated is to find some way of removing the small claim from litigation.

Any defense lawyer will concede that he charges an insurance carrier approximately the same fee per hour for discovery proceedings and for court appearances in the small case as he does in the large case. Any plaintiff's lawyer will admit that, with rare exceptions, the small case in his office is unprofitable and is nothing more than a service to an established client or one whom it is hoped will become an established client. If the public, therefore, can be provided a way to adjust satisfactorily and quickly and cheaply the small claim, everyone should profit. There are several methods available which provide substantial promise of success.

The first which I would suggest is the arbitration of claims which is working successfully in many areas of the country. Bar Associations, either on a voluntary or paid basis, under a rotating appointment system by the courts, have demonstrated a substantial capability to dispose of small claims with equity and dispatch.

The second alternative suggested is the widespread availability of insurance coverage which would compensate policyholders without regard to fault for their own injuries and losses arising out of automobile accidents. Surely the resources and imagination of the insurance industry can provide an innovative coverage which would promptly compensate the policyholder for his medical expenses, loss of wages and perhaps even his pain and suffering.

The third suggestion is one to which I have given some thoughtful consideration, and which I submit not with any pride of authorship but with the hope that it will further develop the dialogue now taking place. I would thus urge careful investigation and analysis of a plan establishing a Federal agency that would compensate victims of automobile accidents regardless of fault for their out-of-pocket expenses. Claims would be limited to a maximum of \$2,500. Thus, unencumbered with questions of fault, the agency in *ex parte* proceedings could expeditiously treat the minor claims that presently comprise a major portion of the court's dockets. The present court system would then be able to devote its attention to the refined and deliberate process of adversary trial in major causes of action where the plaintiff's claims of pain and suffering and loss of future earnings require such careful scrutiny.

Under the plan, claimants could recover for hospital, medical and drug bills, loss of earnings and other out-of-pocket expenses to be specified in the legislation. There would be no award for pain and suffering and, since most automobiles are covered by collision insurance which currently provides adequate protection, property damage to automobiles would not be included.

While it appears that Congress has the power to take the automobile accident problem out of the courts (*The Moses Taylor*, 4 Wall. 411 (1867)), and *NLRB v. Jones and Laughlin Steel Corp.*, 301 U.S. 1, 48 (1937)), and proclaim an exclusive Federal administrative remedy insulated from judicial review, (*Switchmen's Union v. National Mediation Board*, 320 U.S. 297 (1943)), such coercive action seems unnecessary. The anticipated superiority of the agency relief should allow the plan to operate efficiently on a voluntary basis. Thus, submission of a claim to the Federal agency would be completely elective under the plan and the claimant would lose no presently-held negligence recovery rights. Rather, the agency would be established in addition to present court remedies and would be given concurrent jurisdiction with the State and Federal courts.

The determination of the agency would not be conclusive on the claimant. No appeal would be provided for from the Federal agency. Thus, the claimant could take the award, which would foreclose him from any further proceedings, or he could refuse the award and go to the State court. However, the converse would not be true. A claimant disappointed in a State court by a judgment which is *res judicata* could not enter the Federal forum.

An accident victim would therefore be confronted with a choice of remedies. If his claim of injuries is minor, it is unlikely that he will choose the State court system where recovery depends upon negligence, compliance with rules of evidence and stringent proof as to damages. Rather, it is believed that the many traffic victims with small claims who are now forced into the State court system would choose the easier, quicker, surer and cheaper route to compensation.

Financing the plan would require careful investigation and development of actuarial data and statistics in order to determine both the initial and operating funds necessary. However, as demonstrated by the recent Federal legislation with respect to flood insurance, the cooperative efforts and resources of the Federal Government and private industry would seem the best method of funding and operation. Several methods recommend themselves for development of the Federal share of the costs. These include, *inter alia*, an annual Federal tax on motor vehicle registration, use of gasoline taxes and other sources which further dialogue might prove feasible.

Admittedly, there remain many questions with respect to the establishment and the operation of such a plan. However, I would hope its presentation will at least bring about further discussion and that it may have some contribution to make in the ultimate solution of the overall problem. There remain too many questions, too many unknown variables and too little objective data in the present search for solution to this major social problem to suggest any definitive solutions.

However, as one who has a strong belief in society's ability to determine its best directions and course, I believe that thoughtful and considered public dialogue will indicate such solutions.

In conclusion, let me say I am equally convinced that, initially, implementation of indicated reforms will depend on the imagination and initiative of the parties concerned.

However, if the Bar refuses to discuss the possibility of some loss of clients and income; if the industry fails to clearly and objectively discuss investment income on reserves and its underwriting and risk classification practices; if insurance agents and companies fail to discuss marketing procedures; if State insurance commissioners fail to do their job; then, I am certain more severe action will be demanded by the public and ultimately legislated by its Representatives in government.

I am further convinced that solution to the problems of automobile insurance can come only after full discussion before a single public forum, presided over by qualified and impartial arbiters aided by specialized staff and adequate funds. Only in such a forum, where all interested parties may present their views and the subject considered on a priority basis, can their differences be justly resolved. That forum is the Congress of the United States.

The Department of Transportation is not the answer; the Federal Trade Commission is not the answer. These routes to solution are dilatory in nature, will produce statistics not dialogue, observations not legislation, avoidance not decision. At best, consideration of the problem by these agencies gives the insurance industry an opportunity to put its house in order prior to effective public hearings being convened. Those seeking a solution should urge their Representatives

in Congress to insist on an early public hearing by an appropriate committee of the United States House of Representatives or the Senate.

### Mrs. Clark Thompson Is Honored

### HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BROOKS. Mr. Speaker, Dr. Truman Blocker, president of the University of Texas Medical Branch in Galveston, recently disclosed that the university will name its new Basic Sciences Building after Libbie Moody Thompson.

Mrs. Thompson, wife of our former colleague, Clark W. Thompson, is known by many of us, therefore, we know how well deserved is this honor. She has over the years distinguished herself in many civic and philanthropic causes.

As the wife of my highly respected predecessor as Representative of the Ninth Congressional District of Texas, she earned the esteem and affection of all of my constituents. Those of us who have the pleasure of knowing Libbie Thompson, know that this is a fitting tribute to a great and lovely lady.

An article which appeared in the Galveston Daily News on February 1, follows:

#### BASIC SCIENCES BUILDING NAMED FOR MRS. THOMPSON

The new Basic Sciences Building at The University of Texas Medical Branch will be named for Libbie Moody Thompson, known to many as "the first lady of Galveston."

The building is now under construction.

Mrs. Thompson, Galveston native, is the wife of Clark W. Thompson, longtime U.S. Congressman, and daughter of the late Mr. and Mrs. W. L. Moody Jr.

Commenting on the new building, she said, "Dr. Truman Blocker and I have worked many months to perfect the transaction which brings about the Libbie Moody Thompson Basic Sciences Building."

In announcing the new building, Frank C. Erwin Jr., chairman of the board of regents, said Mrs. Thompson has provided an initial gift of \$1 million in memory of her daughter Libbie to The University of Texas for the use of the Medical Branch at Galveston.

"Mr. Thompson and I plan to erect a suitable plaque, probably in the auditorium of this new building, to commemorate this memorial gift," Mrs. Thompson said.

"Our Libbie, in whose memory this gift to the University of Texas was made, was a native Galvestonian, educated in the public schools of Galveston, and during her entire life a worker in behalf of the betterment of the community. I feel that this gift to the Medical Branch is a fitting memorial to her."

The facility will be located across from the Gall Borden Building between Avenues B and C, and will house the departments of physiology, biochemistry, medical electronics, medical photography, medical illustration, audio visual service, and the print shop.

Also included in the one-half block structure will be teaching laboratories for biochemistry, physiology, and pharmacology and a completely equipped closed circuit teaching television studio.

The building is being constructed at a cost of approximately \$4.4 million, including architects fees, equipment and miscellaneous expenses.

Many of the teaching facilities are being



made available by a \$731,000 National Institutes of Health Grant.

Commenting on the new facility, Dr. Blocker, UTMB president, said, "This building will enable the Medical Branch at Galveston to continue and to expand its program of basic science in research and teaching. I am especially pleased that it will carry the name of Mrs. Libbie Moody Thompson—a gracious lady who has contributed much of her charm to the city and The University of Texas Medical Branch at Galveston."

The Thompson's daughter is survived, in addition to her parents, by her son, John Walker of Galveston, two granddaughters, Margaret and Libbie Thompson Walker, and a brother, Clark W. Thompson Jr., of Houston.

### National School Safety Patrol Week

#### HON. RICHARD FULTON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. FULTON of Tennessee. Mr. Speaker, it has been my pleasure today to introduce a joint resolution calling for the designation of the second week of each May as "National School Safety Patrol Week."

My colleagues, I am sure, are aware of the tremendous work done by the school safety patrols—66 of them introduced resolutions similar to mine. I hope they will join with me in adding their names to the growing list of sponsors for the resolution I have introduced this afternoon.

The school safety patrol movement has grown tremendously since its origin in the early 1920's. Today, it is a national institution—a vital force in the important work of protecting America's children from the hazards of modern traffic.

More than 900,000 boy and girl patrol members in the United States daily help to protect 19 million schoolchildren enrolled in thousands of schools. In cities and towns, in rural areas, and on school buses, the school safety patrol serves to remind schoolchildren of hazards of street and highway crossings on their way to and from school.

This "nation on wheels" can well be proud of the work that these young citizens are doing.

Educators regard the patrol movement as an excellent school activity, as well as a method to help develop a sense of responsibility, character, and positive usefulness for community living. Commendation for patrol work is universal. It comes from parents, educators, police, and other outstanding public officials, all of whom, along with the American Automobile Association, contribute so much to the program.

One of the biggest recognition ceremonies is held here in the Nation's Capital each May. I am speaking of the school safety patrol parade down Constitution Avenue by over 20,000 boys and girls from more than 20 States.

It is a proud day for the youngsters. It should be a day for saying "thanks" by the people of this country to a group which has been at least partially responsible for the improvement of the traffic death rate of children 5 to 14 years of age.

Since the time of the establishment of school safety patrols in 1922, the traffic death rate for this group has continued to decrease to nearly one-half, while the death rate of other age groups has practically doubled.

### More Evidence for Need of Legislation To Curb LSD Use

#### HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ROGERS of Florida. Mr. Speaker, last year I introduced a bill with the sponsorship of 24 of my colleagues on the House Interstate and Foreign Commerce Committee that would establish criminal penalties for persons using or possessing LSD.

At that time there was evidence that the use of this dangerous drug had definite physical effects on the user as well as psychological effects.

In this morning's Washington Post, there is an article that further spells out the dangers of this drug. Primarily it points to the hazards passed to the offspring of women who have used the drug during pregnancy.

I would include the article for the information of my colleagues and urge that they join with me in calling for the fastest possible enactment of my proposed bill, H.R. 14096.

The article follows:

#### LSD FOUND TO DEFORM BABIES

(By Nate Haseltine)

Ten hippies, young women who became pregnant after or during "trips" on the mind-bending drug LSD, are under special care at George Washington University Hospital here.

Two of the ten have already given births to infants whose bodies showed broken chromosomes. A third lost her deformed fetus the seventh week after conception.

The status of a special study on the effects of LSD was outlined at a staff meeting for hospital obstetricians and gynecologists on Monday night by Dr. Cecil B. Jacobson, a geneticist, Macy faculty fellow and clinical instructor at the Medical Center.

The two who gave birth to the babies with broken chromosomes were unmarried and had "only hazy recollections" of the identities of the fathers. Both conceived while under the effects of LSD, Jacobson said. The dangers of chromosomal disarrangements as effects of LSD effect are already well known, having been documented in animal tests and clinical experience.

Chromosomes are packets genes, the hereditary beads of life that direct every phase of body development from the womb to the grave. For every broken chromosome, Jacobson said, perhaps a hundred genes are lost or caused to malfunction.

In the case of the two babies, studies showed they possessed the "Philadelphia-L" chromosome derangement. The same derangement shows up in persons in the final phase of humans with fatal myelogenous leukemia.

Despite their broken chromosomes, found in a great variety of their body cells, Jacobson said, the infants showed no structural defects after the first three months of life. Both have been adopted and their adoptive parents were informed about the circumstances.

In contrast, the seven-week-old fetus had an encephalocele, a defect of the central nervous system, a herniation of the brain

through a congenital opening in the unclosed cranium.

The study plan at GWU calls for selecting patients in five categories according to the following priorities: (1) Patients who are pregnant and who used LSD before conception; (2) Pregnant patients who used LSD during pregnancy; (3) LSD-using fathers of babies with no maternal exposure to the drug; (4) Fathers of babies with some maternal exposure to LSD; (5) Females with exposure who are planning to become pregnant.

The study protocol consists of the screening of patients for history and clinical confirmation of LSD exposure. Blood tests are made to determine if there is any chromosomal damage to either mother or father, or both. An attempt is to be made to obtain a sample of the LSD that was used and to identify the father.

The difficulty of finding the fathers and the unwillingness of hippies to disclose sources of the illegal drugs that were used are hampering the study, Jacobson said.

Besides blood samplings, skin biopsies are to be made of both parents if a cellular effect is found in the blood. Prenatal evaluations of electrocardiograms will be made bimonthly of the developing fetus.

And at delivery of the child or its abortion as series of many complicated tests will be made.

Jacobson said he expected that he and his colleagues will publish a full report by June, perhaps in the Journal of the American Medical Association.

Monday night's staff meeting was open to the press to further publicize the hazards of taking LSD.

In a previously reported case, Drs. Joseph Egozone and Samuel Erwin, of the University of Oregon Medical School in Portland, reported the first appearance of the "Philadelphia-L" chromosome disorder in the offspring of an LSD user. That baby had an inborn intestinal blockage. Another report on the effects by LSD on a hippie mother's baby showed the baby had an enormous skull, the two halves unclosed and a double row of front teeth.

### My Flag and Country

#### HON. EDWIN D. ESHLEMAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ESHLEMAN. Mr. Speaker, one of my constituents, and a former veteran, Mr. Harold F. Mohn of Myerstown, Pa., has been moved to compose the following poem to register his concern over recent demonstrations, draft card burnings, and refusals to serve our country in the crucial period of world history. I include it in the RECORD:

#### MY FLAG AND COUNTRY

I hold two things above else  
Most cherished and most dear.  
There are my flag and country,  
I treasure and revere.

I'd gladly give this life of mine  
To keep both always free,  
And in this heart and mind of mine  
I love them passionately.

I promise to defend and give  
All that is part of me  
No sacrifice will be too great,  
An honor it will be.

Where'er in freedom's hallowed name  
My country's forced to fight,  
I willingly will take up arms,  
Her cause is just and right.



## National Maritime Needs: Opposing Views

**HON. WILLIAM S. MAILLIARD**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. MAILLIARD. Mr. Speaker, on Monday, February 5, I inserted in the body of the RECORD remarks entitled "American Shipping: Scuttled Again," in which I pointed out the substantial cuts made by the President in merchant-ship construction for fiscal year 1969. I included in those remarks portions of various press reports indicating that perhaps these reductions were made in a fit of pique by the administration over efforts to keep the Maritime Administration out of the Department of Transportation and without regard for our national interest.

Accordingly, I am inserting at this time two press reports—the first from the Oakland Tribune of January 21, carrying the syndicated column of the distinguished and senior Republican Senator from Illinois, pointing up the need to revitalize the American merchant marine; the second, an editorial from the Journal of Commerce of February 7, entitled "Budgeted to Death?" which raises some very thought-provoking questions concerning the apparent hostile attitude of this administration toward our maritime industry. Each speaks for itself in presenting its respective views on our maritime industry, its national importance, and support, or lack of support, for its much needed revitalization. I therefore commend to the attention of my colleagues the following articles:

[From the Oakland (Calif.) Tribune, Jan. 21, 1968]

A SENATOR'S NOTEBOOK

(By EVERETT MCKINLEY DIRKSEN)

What do we Americans want to do about the sad state of the out-of-date, lagging United States merchant marine?

Here is a mighty country with power and richness unsurpassed, whose ports ship and receive goods and products to and from everywhere on the globe. You would think, then, that our merchant fleet would also be unsurpassed. Well it is not.

During World War II it was the largest merchant fleet in the world. Where do you think we rank today in world ship construction? The Soviet Union, Japan, Germany, Great Britain, France, among others, are out-sailing us and outbuilding us. We rank 14th as builders of ships.

When we were a new nation of 13 states, we were a truly maritime nation. Ocean commerce was brisk and our merchant sailing vessels navigated all of the Seven Seas. When pirate ships and the ships of other nations harassed or attacked our oceangoing commerce, American fighting ships hunted them down and put an end to it and we were respected. Substantial shipyards developed along the eastern coast and the whole nation was enriched by our maritime success.

Now look at us. Although the operations of the various American oil companies in foreign fields are enormous and require a huge fleet of tankers, and although our Navy must be supplied wherever it may be, the American merchant tanker fleet now averages about 15 years of age per tanker. It is the oldest tanker fleet in the world.

Of all the petroleum brought to the United

States from the foreign oil areas of the world, U.S. flag tankers carry only three per cent of the total. Our waterborne commerce has increased by 31 per cent or more in the last six years, but our ship capacity has increased by only four and one-half per cent. There is an overlying reason for those melancholy facts, and that is the matter of cost.

It has been said that because of low labor costs abroad, three ships can be built in a foreign yard for the price of two in the United States. The result is that enterprises here at home can receive a subsidy from the federal government when they build vessels here that have installations of certain defense facilities. But only 13 vessels will be built in American shipyards this fiscal year. All of them must be subsidized.

There is the problem of the cost of operating American ships. By law our ships must hire a substantial percentage of American seamen. Foreign-flag vessels, by and large, can sign on anybody available in the seamen's market—Filipinos, Chinese, East Indian lascars—at lower wages and with lower living standards aboard ship. Their shipowners, therefore, can quote cheaper rates to shippers everywhere.

We must then ask ourselves, in spite of such conditions of economics, we want to maintain an American merchant marine that comports with the prestige and the commerce of this country. Do we want to make certain that in time of international difficulty we will have an adequate merchant marine? Should we use public funds to subsidize it?

The answer must be, indeed, yes.

[From the New York Journal of Commerce, Feb. 7, 1968]

### BUDGETED TO DEATH?

If maritime industry executives thought that when they won the battle to keep the industry out of the Department of Transportation they had won the war, they had a rude awakening last week. While the Maritime Administration is still part of the Department of Commerce, it is obvious that continuous pressure is to be applied to the industry to get it to "see the folly" of its ways and seek inclusion into DOT.

The pressure is the kind that really hurts—a slowdown in funds for new vessel construction, amounting to approximately \$160 million. This newspaper has been calling for cuts in the budget and, as we stated last week, felt that President Johnson could, and should, have cut deeper into most spending plans. However, the cut in maritime funds raises a very serious question. Is the proposed cut a result of a legitimate desire to reduce spending? Or is it being used as a club to influence industry leaders? If the answer is the former, that is one thing. If it develops that the slowdown is a pressure move then we think that a grave injustice is being done both to the industry and the public. And unfortunately, there is growing evidence that it might be the latter.

At a major transportation industry meeting held a day after the President's budget message, Alan Boyd, secretary of transportation, and Senator Monroney indicated that the maritime industry might not have done so badly money-wise had it been in the Department of Transportation. Maybe so, but is the converse true? Did it get clobbered because it wasn't in?

Asked to comment on the transportation aspects of the budget, Mr. Boyd said the maritime industry "keeps saying things couldn't be worse . . . maybe now they ought to be willing to move over to DOT."

Senator Monroney said the maritime cut-back was made because the industry is "completely disorganized" and "voluntarily black-balled itself" from DOT. That well may be, and perhaps the Department of Transportation could be a more efficient operation if the maritime industry were made part of it. But, and we think this is a big but, isn't something being missed? What about the in-

dustrial needs? If the industry does not want to join DOT, and if Congress doesn't think it should, does this mean that it should be bled white? What about the public interest? The nation requires a strong maritime industry, be it a part of the Commerce Department or DOT, or an independent agency as many in the industry and in Congress want it to be. Let's not lose sight of the over-all needs of the nation.

As we said above, we really don't know the reason for the cut in maritime funds. It is interesting to note, however, that the total proposed budgetary reduction for the Commerce Department with all its diverse operations came to about \$160 million, or just the amount that maritime is being sliced. It's difficult to believe that the Maritime Administration is the only segment of the Commerce Department that lends itself to cost reduction. Particularly at a time when the President is trying to get Congress to pass a tax surcharge and Congress balks until government spending is cut further.

Further, it is known that a couple of years ago when the industry and the administration were having a dispute over government plans, the industry was told that if it didn't get in line it would be "budgeted to death."

We can understand Mr. Boyd's desire to convince maritime leaders of the wisdom of joining DOT (some are on record as recommending such a move). It would bring the whole transportation system under one roof and facilitate planning. As Senator Monroney notes, "there can be no coordination of an over-all transportation system when one of the major segments is on the outside."

Yet, what would happen if the industry decides to stay out of DOT and can continue to convince members of Congress not to make any changes? We would hope that the administration would not forget the importance of the maritime industry to the nation. In or out of DOT, the nation cannot afford a weak maritime industry. It is an industry too important to be sacrificed to the expansionist political plans of Mr. Boyd and his associates.

## President's Message on Veteran Benefits

**HON. JOHN J. McFALL**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. McFALL. Mr. Speaker, in the February issue of the Torch, the official publication of the veterans of World War I, an article appeared by National Commander Philip F. O'Brien. I would like to commend the commander's comments to my colleagues, which are as follows:

### PRESIDENT'S MESSAGE ON VETERAN BENEFITS

The President's message to Congress, contents of which I know you have read in the press, are of great benefit to the servicemen discharged from service, and certainly every World War I veteran is tremendously pleased with the program that the President has outlined. There isn't very much doubt but what Congress will go along with the program and wholeheartedly support such veterans' legislation.

It was my privilege to be briefed on this message before it was released to the press, and as I listened, my mind went back to 1919—discharged from the Army with the big sum of \$60, no civilian suit to wear, and no job to come home to; signs in some restaurants read, "No soldiers or dogs allowed", and I could not resign myself to the fact that the Veterans of World War I never were given any consideration when they were discharged from the service. At the age of 73, even though they have been on the pension rolls many years prior, they are still forced to fill out an income questionnaire to receive a

small pension. Certainly no veteran at the age of 73 with the disabilities of old age, doctor bills and drug bills, would be able to increase his income. So, we as Veterans of World War I ask the question, "Why impose these added hardships and worry onto these veterans when this will not cost the government one penny?" On the contrary, it will save the government many, many thousands of dollars in processing these income questionnaires.

We also ask the question, why a pauper's oath is required at the age of 73 to a veteran wishing to go into a Veterans Administration hospital when beds are available. Again, this would not cost the government much. If the generals and admirals can go into government hospitals at \$1.00 a day, why should not the veterans at age 73 be allowed the same privilege. Again we say that these laws which have been on the books for many years, should be written off.

Also, the matter of drugs. It was advocated by the Members of Congress when the Social Security Bill was being debated, that drugs should be furnished free to those under Social Security. This was defeated by only two (2) votes. Again, we maintain that the Veterans of World War I should receive drugs free of charge. The amount of their drug bill in many, many cases eats up practically one third of the income they receive from pensions.

### Decent Housing for All Americans

#### HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. MOORHEAD. Mr. Speaker, one of the major problems this Nation faces is the need for decent housing for all Americans. The problem is especially acute for families of low income who make their homes in the older inner city areas.

Typically these sections are blighted or deteriorating, and the hope of individual families for better housing is frustrated by the lack of adequate financing at terms these families can afford.

This is a problem which is receiving special emphasis from the Federal Housing Administration. Some encouraging early signs are indicated in a recent FHA report.

The Federal Housing Administration said that more than 50 percent of its home mortgage insurance on existing properties now is on homes in the cities. This is a signal that something is being done to alleviate the problems of housing in the inner city and that decent housing is being built, rehabilitated, and purchased.

I was especially gratified to note an article in the January 26 edition of the Philadelphia Inquirer which related a story of a woman and her family who were to move into their own home with the aid of FHA's 221(h) program.

This program, which offers homeownership to lower income families, helps nonprofit sponsors to salvage sound but rundown houses to upgrade neighborhoods, and to work with low-income families to achieve their goal of successful homeownership. Under the program, deteriorated homes are acquired by sponsors who refurbish them and sell them to low-income families.

The story in the Inquirer will, in time, be the story of thousands of people who will live decently in homes they can call their own.

I insert this story at this point in the RECORD:

[From the Philadelphia (Pa.) Inquirer, Jan. 27, 1968]

#### OLD HOUSE BECOMES A MODEL UNDER REHABILITATION PLAN

Carolyn Harris is coming home. Not to the home she left eight years ago near Birmingham, Ala., but to the house at 523 Douglas st., in West Philadelphia, next to "Mom and Pop Fager," where she lived for three years until 1965.

The James D. Fagers of 521 Douglas st., are the same—except that they're three years older now. "I'm 74 and worked 50 years for the railroad," says Fager.

But the house is different. Much different.

#### DREARY STRUCTURE

When Miss Harris, 25, and a billing clerk for the Sears Roebuck and Co., on Roosevelt blvd., lived in the house a few years ago, the solid old brick row home was a dreary structure on a dreary street.

Paint was peeling from the walls, the wooden steps in the three-story house were rickety, the plumbing sometimes worked and sometimes didn't, and big cracks around the foundation, windows and doors made it impossible to heat properly.

"Sometimes in the winter we couldn't even come downstairs—it was horribly cold," explained Miss Harris, an attractively slender, self-assured young woman dressed in a light plaid suit. "I was living then with my sister, Jewel, and my niece, Cynthia (now 3), and we would go over to the Fagers a lot just to warm up."

#### NEW COAT OF PAINT

Sunday, however, the house at 523 Douglas st., and the corner Fager house next door, were sporting a coat of fresh pastel green paint on the brick exteriors.

Inside, unneeded partitions have been ripped out, ceilings plastered, steps repaired, wiring and plumbing improved, hardwood floors laid, and the walls covered with sparkling new paint.

"It was impossible to live in before," said Miss Harris, pointing to the attractively furnished house. "And now just look at it."

That's what people were doing. Looking at it, from 2 to 5 P.M., as executives and employees of the Philadelphia Housing Development Corporation showed visitors around the "model home" and first of a group of 18 rehabilitated houses to be readied for sale to low-income families.

#### "I WANT ONE"

There were people like the elderly woman, supporting herself with a cane as she walked in with her husband to sign a guest register. "I sure want me one of these houses," she said. "My, but they're pretty."

"Gorgeous, ain't it?" a younger woman whispered to her husband, nudging him with her elbow.

According to Augustus Baxter, director of Community Services, PHDC, Miss Harris will pay only a \$200 down payment and \$64.53 a month with a low 3 percent interest on the \$11,600 home when she moves in about April. Financing is through the Federal Housing Authority.

Miss Harris' family will include her mother, Mrs. Alice B. Harris, and her niece.

#### COMMUNITY PRIDE

"One of the good things about all this," Baxter said, "is that the program doesn't stop just with helping a low-income family to buy its own home. It revitalizes the whole community—develops community pride."

He pointed out to several young men, some in tattered work clothes, standing about. "These fellows helped rehabilitate the prop-

erty," he said. "They did the demolition, much of the carpentry work, the painting." "It not only created jobs for them but it made them part of what's happening here. They're the interpreters of the change in their community."

### While the Farmer Gets Less, the Housewife Pays More

#### HON. MARK ANDREWS

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ANDREWS of North Dakota. Mr. Speaker, it is my custom from time to time to report to the people of my district on my activities as their Representative in Congress, and to express my views on a number of matters facing Congress. In the report I am sending today, I am discussing the farmers' diminishing share of the consumers' food dollar, and the budget for fiscal year 1969. Under unanimous consent, I place it in the RECORD at this point:

#### WHILE THE FARMER GETS LESS, THE HOUSEWIFE PAYS MORE

[From the Farmer]

Farm prices

JANUARY 1948

|                                         |          |       |
|-----------------------------------------|----------|-------|
| Hogs:                                   |          |       |
| Top of market...hundredweight...        | \$27.75  |       |
| Average, barrows and gilts...do....     | 27.62    |       |
| Steers:                                 |          |       |
| Choice .....                            | do....   | 34.25 |
| Good slaughter.....do.....              | 29.25    |       |
| Medium .....                            | do....   | 23.00 |
| Heifers:                                |          |       |
| 750 to 900 pounds, good to choice ..... | do....   | 29.50 |
| Cows:                                   |          |       |
| Good .....                              | do....   | 19.75 |
| Canners:                                |          |       |
| Cutters and common cows...do....        | 14.50    |       |
| Bulls:                                  |          |       |
| Good .....                              | do....   | 21.50 |
| Calves:                                 |          |       |
| Veal, good to choice.....do....         | 31.50    |       |
| Stocker and feeder steers:              |          |       |
| Good to choice.....do....               | 23.75    |       |
| Lambs:                                  |          |       |
| Good to choice.....do....               | 23.40    |       |
| Wool:                                   |          |       |
| Bright, 3/8 comb, grease...pound...     | .51      |       |
| Wheat:                                  |          |       |
| No. 1 dark northern.....bushel...       | 3.02 3/4 |       |
| No. 1 amber durum.....do....            | 2.99 1/4 |       |
| Corn:                                   |          |       |
| No. 4 yellow, nominal.....do....        | 2.49 3/4 |       |
| Oats:                                   |          |       |
| No. 3 white.....do....                  | 1.32 3/4 |       |
| Rye:                                    |          |       |
| No. 2.....do....                        | 2.79 1/2 |       |
| Barley:                                 |          |       |
| Nominal range.....do....                | 2.29     |       |
| Flaxseed:                               |          |       |
| No. 1.....do....                        | 7.00     |       |
| Soybeans:                               |          |       |
| No. 2 yellow.....do....                 | 4.16     |       |

JANUARY 1968

|                                         |                  |       |
|-----------------------------------------|------------------|-------|
| Hogs:                                   |                  |       |
| St. Paul, barrow and gilt average ..... | hundredweight... | 17.15 |
| Steers:                                 |                  |       |
| St. Paul, choice.....do....             | 25.75            |       |
| Good .....                              | do....           | 23.50 |
| Heifers:                                |                  |       |
| St. Paul, good and choice...do....      | 23.25            |       |
| Cows:                                   |                  |       |
| St. Paul, utility and commercial .....  | do....           | 17.00 |
| Canner and cutter.....do....            | 15.00            |       |



*Farm prices—Continued*  
JANUARY 1968—continued

|                                      |               |
|--------------------------------------|---------------|
| <b>Bulls:</b>                        |               |
| St. Paul, cutter to commercial       | hundredweight |
| St. Paul, choice and prime           | do            |
| Stocker and feeder steers:           |               |
| St. Paul, good and choice            | do            |
| Slaughter lambs:                     |               |
| St. Paul, choice and prime           | do            |
| Feeder lambs:                        |               |
| St. Paul, good and choice            | do            |
| Wool:                                |               |
| Minnesota farmers                    | pound         |
| <b>Wheat:</b>                        |               |
| Minneapolis, No. 1 dark no. spring   | bushel        |
| Minneapolis, No. 1 hard amber durum  | do            |
| <b>Corn:</b>                         |               |
| Minneapolis, No. 2 yellow            | do            |
| <b>Oats:</b>                         |               |
| Minneapolis, No. 2 extra heavy white | do            |
| <b>Barley:</b>                       |               |
| Minneapolis, No. 3 or better         | do            |
| <b>Rye:</b>                          |               |
| Minneapolis, No. 2                   | do            |

*Farm prices—Continued*  
JANUARY 1968—continued

|                                                                      |        |
|----------------------------------------------------------------------|--------|
| <b>Flexseed:</b>                                                     |        |
| Minneapolis No. 1                                                    | bushel |
| <b>Soybeans:</b>                                                     |        |
| Minneapolis, No. 1 yellow                                            | do     |
| <b>Soybean meal:</b>                                                 |        |
| Minneapolis, 44 percent bulk, wholesale                              | ton    |
| According to the Chicago Tribune, food ads showed these meat prices: |        |
| <b>January 1948:</b>                                                 |        |
| Pork loin                                                            | Pound  |
| Sirloin steaks                                                       |        |
| Standing rib roast                                                   |        |
| <b>January 1968:</b>                                                 |        |
| Pork loin                                                            |        |
| Sirloin steak                                                        |        |
| Standing rib roast                                                   |        |

All of us from agricultural areas sense in our bones the cost-price squeeze farmers are experiencing. The index of prices received by farmers dropped 14 points in 1967 and the parity index, showing the ratio between farm prices received and the farmers' cost, is at the lowest point since such records were started 30 years ago. The consumer price index continues to rise and is currently at 145% of the 1947-49 average, while the farmers' share of the food dollar has declined from 51¢ to below 40¢ over the same period. Indexes

and such comparisons mean little to most Americans, however, and that's why I asked the Library of Congress to provide me with the records and advertisements reproduced above.

Clearly, to remain in business, farmers must get a fairer share of the consumers' food dollar. Also, since over half of the wheat we grow must be sold overseas, we must have an expanded and more aggressive Food for Peace Program and we must make sure that our farm products don't get frozen out of world markets by restrictive trade agreements entered into by our Government. (Wheat sells for \$3.50-\$4 per bushel in Europe, but restrictive import fees charged U.S. wheat were allowed to continue after the Kennedy Round of trade negotiations.) Finally, we must work for the approval of a workable national Agricultural Bargaining Act to give the farm segment of our economy the collective bargaining power enjoyed by the rest of our Nation's economy.

#### THE BUDGET

This is the time of budget decision, the time the President presents the budget to Congress. I felt you'd be interested in these actual budget figures as presented by the President. You can get an indication of the expansion of Federal spending and, to some degree, see where this expansion is concentrated.

#### BUDGET OUTLAYS BY FUNCTION

[In millions of dollars]

| Description                                               | Expenditures   |                  |                  | Description                                              | Expenditures   |                  |                  |
|-----------------------------------------------------------|----------------|------------------|------------------|----------------------------------------------------------|----------------|------------------|------------------|
|                                                           | 1967<br>actual | 1968<br>estimate | 1969<br>estimate |                                                          | 1967<br>actual | 1968<br>estimate | 1969<br>estimate |
| <b>National defense:</b>                                  |                |                  |                  | <b>Commerce and transportation:</b>                      |                |                  |                  |
| Department of Defense—Military:                           |                |                  |                  | Air transportation.....                                  | 945            | 950              | 1,282            |
| Military personnel.....                                   | 19,787         | 21,800           | 22,793           | Water transportation.....                                | 792            | 855              | 1,000            |
| Operation and maintenance.....                            | 19,000         | 19,800           | 22,260           | Ground transportation.....                               | 4,050          | 4,385            | 4,420            |
| Procurement.....                                          | 19,012         | 21,470           | 23,445           | Postal service.....                                      | 1,141          | 1,087            | 767              |
| Research, development, test, and evaluation.....          | 7,160          | 7,200            | 7,800            | Advancement of business.....                             | 189            | 160              | 153              |
| Military construction and other.....                      | 2,650          | 3,590            | 508              | Area and regional development.....                       | 137            | 312              | 425              |
|                                                           |                |                  |                  | Regulation of business.....                              | 101            | 100              | 107              |
| Subtotal, military.....                                   | 67,608         | 73,860           | 76,806           | Adjustments <sup>1</sup> .....                           | -48            | -156             | -157             |
| Military assistance.....                                  | 1,943          | 1,675            | 1,853            | Total, commerce and transportation.....                  | 7,308          | 7,695            | 7,996            |
| Atomic energy.....                                        | 2,264          | 2,334            | 2,546            |                                                          |                |                  |                  |
| Defense-related activities.....                           | 14             | 115              | 242              | <b>Housing and community development:</b>                |                |                  |                  |
| Adjustments <sup>1</sup> .....                            | -1,706         | -1,491           | -1,654           | Aids to private housing.....                             | -225           | -539             | -457             |
| Total, national defense.....                              | 70,095         | 76,491           | 79,792           | Public housing programs.....                             | 251            | 297              | 350              |
|                                                           |                |                  |                  | Urban renewal and community facilities.....              | 504            | 865              | 1,432            |
| <b>International affairs and finance:</b>                 |                |                  |                  | National Capital region.....                             | 66             | 90               | 104              |
| Conduct of foreign affairs.....                           | 366            | 559              | 438              | Proposed legislation.....                                | -19            | -15              | -14              |
| Economic and financial programs:                          |                |                  |                  | Adjustments <sup>1</sup> .....                           | -19            | -15              | -14              |
| Development loans.....                                    | 662            | 625              | 670              | Total, housing and community development.....            | 577            | 697              | 1,429            |
| Supporting assistance.....                                | 587            | 602              | 621              |                                                          |                |                  |                  |
| Alliance for Progress.....                                | 511            | 465              | 516              | <b>Health, labor, and welfare:</b>                       |                |                  |                  |
| Technical cooperation.....                                | 224            | 203              | 216              | Social insurance.....                                    | 27,117         | 29,946           | 33,706           |
| Other.....                                                | 533            | 522              | 541              | Medicare and medical assistance.....                     | 4,762          | 7,061            | 8,183            |
| Foreign information and exchange activities.....          | 245            | 256              | 255              | Other health services and research.....                  | 2,010          | 2,393            | 2,497            |
| Food for Freedom.....                                     | 1,452          | 1,315            | 1,444            | Public welfare (excluding medical assistance).....       | 3,041          | 3,484            | 3,605            |
| Adjustments <sup>1</sup> .....                            | -469           | -217             | -224             | Economic opportunity programs.....                       | 1,485          | 1,853            | 1,997            |
| Total, international affairs and finance.....             | 4,110          | 4,330            | 4,478            | Labor and manpower programs.....                         | 1,069          | 1,326            | 1,492            |
|                                                           |                |                  |                  | School lunch, special milk, and food stamp programs..... | 418            | 500              | 586              |
| <b>Space research and technology:</b>                     |                |                  |                  | Other.....                                               | 365            | 479              | 593              |
| Manned space flight.....                                  | 3,649          | 3,166            | 2,993            | Adjustments <sup>1</sup> .....                           | -755           | -646             | -714             |
| Space science and applications.....                       | 796            | 698              | 644              | Total, health, labor and welfare.....                    | 39,512         | 46,396           | 51,945           |
| Space technology.....                                     | 440            | 420              | 425              |                                                          |                |                  |                  |
| Aircraft technology.....                                  | 89             | 113              | 120              | <b>Education:</b>                                        |                |                  |                  |
| Supporting activities.....                                | 452            | 411              | 394              | Elementary and secondary education.....                  | 1,859          | 1,930            | 1,931            |
| Adjustments <sup>1</sup> .....                            | -2             | -4               | -3               | Higher education.....                                    | 711            | 1,057            | 1,065            |
| Total, space research and technology.....                 | 5,423          | 4,803            | 4,573            | Science education and basic research.....                | 415            | 456              | 480              |
|                                                           |                |                  |                  | Other aid to education.....                              | 628            | 730              | 905              |
| <b>Agriculture and agricultural resources:</b>            |                |                  |                  | Adjustments <sup>1</sup> .....                           | -11            | -15              | -16              |
| Farm income stabilization.....                            | 2,267          | 3,428            | 3,459            | Total, education.....                                    | 3,602          | 4,157            | 4,364            |
| Financing farming and rural housing.....                  | -10            | 26               | 32               |                                                          |                |                  |                  |
| Financing rural electrification and rural telephones..... | 12             | 13               | 13               | <b>Veterans benefits and services:</b>                   |                |                  |                  |
| Agricultural land and water resources.....                | 353            | 362              | 350              | Veterans service-connected compensation.....             | 2,310          | 2,435            | 2,461            |
| Research and other agricultural services.....             | 570            | 623              | 662              | Veterans non-service-connected pensions.....             | 1,893          | 2,063            | 2,101            |
| Adjustments <sup>1</sup> .....                            | -37            | -39              | -42              | Veterans hospitals and medical care.....                 | 1,391          | 1,458            | 1,546            |
| Total, agriculture and agricultural resources.....        | 3,156          | 4,412            | 4,474            | Veterans education.....                                  | 280            | 502              | 604              |
|                                                           |                |                  |                  | Other veterans benefits and services.....                | 999            | 843              | 931              |
| <b>Natural resources:</b>                                 |                |                  |                  | Proposed legislation.....                                | -508           | -502             | -494             |
| Land and water resources.....                             | 2,335          | 2,465            | 2,536            | Adjustments <sup>1</sup> .....                           | -508           | -502             | -494             |
| Forest resources.....                                     | 482            | 518              | 493              | Total, veterans benefits and services.....               | 6,366          | 6,798            | 7,131            |
| Mineral resources.....                                    | 122            | 133              | 131              |                                                          |                |                  |                  |
| Fish and wildlife resources.....                          | 136            | 153              | 158              | <b>General government:</b>                               |                |                  |                  |
| Recreational resources.....                               | 194            | 245              | 309              | Legislative and judicial functions.....                  | 254            | 280              | 300              |
| General resource surveys and administration.....          | 275            | 250              | 239              | Executive direction and management.....                  | 25             | 31               | 35               |
| Adjustments <sup>1</sup> .....                            | -1,432         | -1,348           | -1,382           | Central fiscal operations.....                           | 968            | 1,007            | 1,104            |
| Total, natural resources.....                             | 2,113          | 2,416            | 2,483            | General property and records management.....             | 620            | 629              | 648              |

Footnote at end of table.

## BUDGET OUTLAYS BY FUNCTION—Continued

[In millions of dollars]

| Description                       | Expenditures   |                  |                  | Description                                           | Expenditures   |                  |                  |
|-----------------------------------|----------------|------------------|------------------|-------------------------------------------------------|----------------|------------------|------------------|
|                                   | 1967<br>actual | 1968<br>estimate | 1969<br>estimate |                                                       | 1967<br>actual | 1968<br>estimate | 1969<br>estimate |
| General government—Continued      |                |                  |                  | Allowances for:                                       |                |                  |                  |
| Central personnel management..... | 191            | 212              | 218              | Civilian and military pay increase.....               |                |                  | 1,600            |
| Law enforcement and justice.....  | 426            | 462              | 529              | Contingencies.....                                    |                | 100              | 350              |
| Other general government.....     | 213            | 203              | 205              | Undistributed intragovernmental payments:             |                |                  |                  |
| Adjustments <sup>1</sup> .....    | -246           | -207             | -211             | Government contributions for employee retirement..... | -1,735         | -1,913           | -2,007           |
| Total, general government.....    | 2,452          | 2,618            | 2,827            | Interest received by trust funds.....                 | -2,287         | -2,678           | -3,042           |
| Interest.....                     | 12,548         | 13,535           | 14,400           | Total, expenditures and net lending.....              | 153,238        | 169,856          | 182,797          |

<sup>1</sup> Adjustments are for interfund and intragovernmental transactions and proprietary receipts.

As usual, however, the figures don't tell the entire story.

Anticipated Federal income, for instance, will be \$8 billion short of covering these expenditures, even assuming the President's 10% surtax request is approved by Congress to become effective January 1, 1968 for corporations and April 1, 1968 for individuals. The deficit for the current fiscal year is now estimated at \$20 billion.

The figures don't reveal the fact that, in this time when our government needs to tighten its financial belt, the budget provides for an increase of 45,600 full time federal employees—as many new federal employees as there are farmers in the entire state of North Dakota. In the four years since the end of fiscal 1965, full time permanent employees in the Executive branch of government will have increased by 454,747 to a total of 2,687,500, a more than 20% increase.

The Administration's contention that necessary war spending is the sole culprit causing the ever-increasing size of the budget and the increasing national debt just doesn't hold water. Defense costs in Vietnam have increased by \$25,681 million over the period from fiscal 1965 to fiscal 1969. Over the same period other government spending has increased \$25,175 million.

All of us who had hoped the President's budget proposals would reflect genuine fiscal restraint have again been disappointed. In the months ahead, those of us on the Appropriations Committee will be hearing the testimony of the various Department heads as they attempt to justify their planned outlays of your tax dollars.

We all recognize that our nation faces a financial crisis and that we live in a troubled world. Because of the problems arising not only in Vietnam but also now in Korea and perhaps shortly in the Middle East, our military expenditures may well escalate. Certainly, our nation must stand behind our fighting men committed abroad.

Most North Dakotans accept and acknowledge the necessity of cutting back and postponing federal programs and activities while the emergency exists. This belt tightening, however, must be preceded by a thorough examination of all our domestic programs so that those which are wasteful, inefficient or definitely postponable receive the sharpest cutbacks and the needed, workable programs will be allowed to go on.

This, after all, is only common sense.

### The Proposed Travel Incentive Act

**HON. FERNAND J. ST GERMAIN**

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ST GERMAIN. Mr. Speaker, my colleague on the House Banking and Currency Committee, the highly es-

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teemed gentleman from Wisconsin, HENRY S. REUSS, has introduced legislation to establish the Travel Incentive Act whereby travel incentive stamps would be made available to Europeans visiting the United States.

This legislation is designed to improve our balance of payments by expanding world travel rather than restricting it as the proposals made before the Ways and Means Committee yesterday by Secretary Fowler would certainly tend to do.

I find Mr. REUSS' proposal to be a more acceptable and beneficial solution to the travel aspect of the balance-of-payments problem and would at this time like to urge the Members of this body to give this legislation their close attention and, I hope, vigorous support.

### Public Views Congress

**HON. TOM STEED**

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. STEED. Mr. Speaker, the ability to see ourselves as others see us is a goal that helps any who can achieve it, especially Congress. In this year of great problems and politics, the discussion of how the public views Congress contained in the attached editorial holds special interest. I am sure all Members will find this editorial of more than passing interest. The editorial, published in the Lawton, Okla., Morning Press, on February 4, is as follows:

#### PUBLIC VIEWS CONGRESS

Congress may be held in the lowest esteem in five years, as shown in the latest poll by Louis Harris, but anyone trying to find a broad reason for this view would be very much confused. For the criticisms and cheers of those polled do not jibe.

Specific criticisms of the first session of the 90th Congress were directed at failure to pass a gun control bill, cutbacks in aid to cities, failure to pass an open housing law and reductions in funds for the poverty program. The gun bill may be connected to crime in the streets. The rest may be part of the Great Society program.

But when it comes to the positive side, the public cheered refusal to pass the income tax surtax, for increasing Social Security benefits, for extending the draft and for cutting foreign aid funds. Without a surtax, there would be no funds for the Great Society measures the Congress was criticized for not passing. Increasing Social Security benefits

was a bipartisan accomplishment. So was draft extension. And the cutting of foreign aid had been building up for years.

The war in Vietnam, which has been held out as the prime issue in this election year, was not even mentioned. Another leading issue, crime in the streets, was only indirectly mentioned, and passage of the gun control bill might just as well be thought of as a blow against organized crime. The public mind as revealed in this poll is as confused as that of the Congress they hold so low.

The political meaning of all this is no easier to deduce. During the last five years, Congress was held in lowest esteem in 1963, when it was given a score of 35 positive to 65 negative votes. Yet President Johnson swept the country and a Congress of his party with him on the record in 1964. On the other hand, the highest Congress rating in the same period of 71 to 29 in 1965 was followed by the biggest loss the Democrats had sustained in the 1966 by-election—a net loss of 47 House seats.

Almost one wonders if issues are the guiding influences we think they are in elections.

### Fino Introduces Legislation To Prevent Any Decedents Estate Cash From Going to Nationals of Countries Not Allowing U.S. Heirs To Collect

**HON. PAUL A. FINO**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. FINO. Mr. Speaker, today I am introducing legislation to prevent the estates of American decedents from being distributed to nationals of any country which the Secretary of the Treasury shall determine which does not permit U.S. heirs to collect from estates of local decedents.

Every year, thousands of Americans leave estates to relatives in Iron Curtain countries—Poland, Russia, Hungary, and Romania in particular. Our Government permits these legacies to be paid, and tens of millions of dollars leave the country. Unhappily, however, the distributees of these estates usually do not get the money; it is purloined, surcharged, or confiscated by Communist central banks, exchange control authorities, and other bureaucrats. Thus, these funds are usually just a dollar gift to international communism, a drain on U.S. gold and dollar soundness and a contribution to a balance-of-payments deficit. None of the Soviet bloc nations extend similar rights to U.S. heirs.



I might also add that Communist nations are not the only ones involved. Many non-Communist nations with strict exchange controls do not let local estates distribute bequests to U.S.-named distributees.

All in all, this loophole in our laws lets millions of dollars leave the Nation each year; dollars which are crucial to our worsening balance of payments. Yet the President has not announced any corrective program; he would rather tax American tourists than cut this dollar pipeline to unfriendly nations. My bill would correct this by requiring the Secretary of the Treasury to determine which foreign nations permit the distribution of estates of decedents therein to distributees residing in the United States; and then require the Secretary to cut off all estate distributions except to residents of such countries.

I intend to urge the House Banking Committee to hold immediate hearings on this measure. I think it has important potential.

### Linguistic and Cultural Pluralism in America's Southwestern States

**HON. EDWARD R. ROYBAL**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ROYBAL. Mr. Speaker, with the enactment last year of the Bilingual Educational Act, of which I was one of the original authors, and the inclusion of this act as the new title VII of the Elementary and Secondary Education Amendments of 1967, there has been a most encouraging increase in scholarly attention being focused on the question of improving educational and economic opportunity for the Nation's millions of citizens with limited English-speaking ability.

For many years, Dr. Manuel H. Guerra, associate professor of Spanish at the University of Southern California, has studied the linguistic and cultural situation in our southwestern States, and has written extensively on his findings and observations.

Dr. Guerra has just completed a most interesting and thoughtful summary analysis of a research paper covering some aspects of his recent studies in this field.

Because of its importance as a contribution to a better knowledge of this vital and complex area, and, particularly in light of congressional enactment of the 1967 Bilingual Education Act—the first substantial effort on the Federal level to deal effectively with this field of national concern—I include in the RECORD the text of Dr. Guerra's summary analysis:

#### ANALYSIS OF MEXICAN-AMERICAN PSYCHOLINGUISTIC AND SOCIOLINGUISTIC PROBLEMS AND TALENTS

(By Manuel H. Guerra, Ph. D.)

This research confirms the following facts: Despite the great advancement of the Modern Language Association of America, the Linguistic Society of America, and the Foreign Language Division of the United States Office of Education, from World War II to this date,

the language and cultural problems of six and a half million Americans of Mexican descent, in the context of eleven million Spanish speaking Americans in the United States, have never been properly researched, documented, and published. Despite the advances of electronic technology, neolinguistic sciences, and innovations of pedagogy and methodology, the linguistic problems of the Mexican-American people of the United States have never been the preoccupation of a major government effort. Language handicaps and cultural maladjustment, nevertheless, have contributed materially to the poverty, illness, and ignorance of many Spanish speaking American citizens. For over one hundred years, the problems and needs of the Mexican-American community in Arizona, California, New Mexico, Colorado, and Texas have never been understood from the point of view of the responsibility of government nor the educational practices addressed to these Americans.

This research confirmed the adherence of the Mexican-American community to the concept of "Cultural Pluralism" and not the "Melting Pot" concept. The former respects cultural differences as an historical and inherent reality of American heritage. The latter adheres to the belief that cultural differences are impediments to American interests. Indeed, the diversity and vitality of many ethnic and national groups of American society have contributed vitally to the enrichment of the heterogeneous mainstream of American life. The Mexican-American people, by and large, subscribe to this social philosophy, and for that reason, proudly respect their traditions and citizenship. Indeed, not only do they wish to preserve the Spanish language and customs, but they aspire complete bilingualism as the objective of first-class American citizenship. Command of the English language is of primary concern, but not at the expense of their heritage.

Research confirmed the fact anthropologists have repeatedly stated that mothers who speak Spanish to their children give their children language habits, skills, and capacities. This criterion must be reckoned with when a decision must be made to instruct in Spanish or in English. In fact, sixteen categories have been found of diverse language development, but of these, four seem practical for classroom instruction: 1) monolingual Spanish, 2) monolingual English, 3) bilingual Spanish-English, 4) semi-bilingual. However, care should be taken not to segregate children in language classes, for purposes of linguistic expediency, along ethnic lines, because segregation deprives non-Spanish speaking children from contact and learning experiences which the Spanish speaking child often can provide, and the monolithic impression upon the Spanish speaking child distorts the focus of a democratic society within the classroom and deprives him of the contribution of his Anglo classmates and peers. Special instruction, both in laboratory and reading programs, may circumvent this problem, if adequate equipment and textbooks are used. Thus, while Mexican-American language and cultural problems are unique in many ways, solutions must not compound the problem but be found within the framework of competent American education.

This research confirmed that De Facto segregation among Mexican-American children deprived all children of the fullest educational experience in the classroom, playground, and hallway. This study confirmed that children learn from children far more than imagined, and that ironically, where classroom Spanish instruction failed in the elementary school classroom, it succeeded out on the playground when children played with children.

Perhaps one of the most successful linguistic enterprises, concerning Mexican-American children in the United States, ob-

served in this study is the Headstart Program. Children develop language habits, articulate, and respond in meaningful situations with teachers who have empathy. Language competence was not enough. Empathy and feeling for people were as important to this success, that is, for communication, as pronunciation and vocabulary. It is hoped that FLES (Foreign Language in the Elementary Schools) programs will correlate and coordinate with bilingual and ESL (English as a Second Language) programs in order to widen the focus of the target language problem, and recognize at the same time, the enormous talents and skills of the bilingual child which should be developed in the National interest.

In summary, linguistic research and advancement in the United States has bypassed the linguistic problems of Mexican-American and other Spanish speaking bilinguals. Language problems are at the root of economic, social, and political handicaps. Cultural concepts exist which must be respected because they are part of our American birthright. Financial resources, scholarly expertise, and government cooperation are needed to correct the language deficiencies of Spanish speaking Americans, in our war against poverty, disease, and ignorance. New College and university curriculum to train teachers concerning Mexican-American problems is needed, as well as new textbooks, laboratories, audiovisual aids, readers, etc. Research has confirmed speculative opinions concerning bilinguals and their problems, particularly in the area of psychological conflicts which stem from Anglo and Hispano value systems. Mexican-Americans who already have contributed taxes, labor, and their life in War, aspire educational opportunity which will improve their economic opportunity, and for that reason, they call upon their government to help them acquire language proficiency and first-class American citizenship.

### Blatnik and the Two Harbors Furor

**HON. JOSEPH E. KARTH**

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. KARTH. Mr. Speaker, I am pleased to insert in the CONGRESSIONAL RECORD the following editorial from the Minneapolis Tribune of February 6:

#### BLATNIK AND THE TWO HARBORS FUROR

Refreshing is the word for Representative John A. Blatnik's ready admission that he pressured the Small Business Administration in 1964 to win approval of a \$13.3 million Federal contract for the now defunct Universal Fiberglass Corporation of Two Harbors, Minnesota.

It is refreshing because politicians do not often own up to their role in plans that go sour. In this case, Blatnik was performing a normal and expected political function in trying to help a new business get going in an economically depressed area.

Members of Congress often boast of having influence in Washington, of being able to get defense contracts for their districts, of prodding a Federal agency to assist a constituent, but they usually duck for cover when a deal backfires.

Blatnik and other Democrats are coming under criticism from Republicans, including Governor LeVander, for the State and Federal arrangements on behalf of the company. This is to be expected now that the public agencies are left with unpaid loans and an uncompleted contract.

LeVander says, "It stinks." But this has the advantage of hindsight. The prospect of a

new company beginning operations in 1965 was viewed as a sign of economic hope for Two Harbors after the closure of iron ore docks. Republicans Val Bjornson, State Treasurer, and Stafford King, Auditor, joined Democrats on the State Executive Council in approving \$232,000 in State loans for the firm in 1964 and 1965. With that kind of bipartisan support at the time, it seems rather inconsistent now for Republicans to try to make a partisan issue out of the case.

### Support for Hospital Name

#### HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BINGHAM. Mr. Speaker, since the announcement of my intention to offer an amendment to H.R. 150 to name the Veterans' Administration hospital in honor of the late Medgar Evers, I have received many indications of support for this proposal. Two of these responses, one from the American Veterans Committee and one from the Scholarship, Education, and Defense Fund for Racial Equality, I insert herewith for the information of my colleagues and other readers of the RECORD:

AMERICAN VETERANS COMMITTEE,  
Washington, D.C., February 6, 1968.

HON. JONATHAN BINGHAM,  
Cannon House Office Building,  
Washington, D.C.

DEAR CONGRESSMAN BINGHAM: The members of the American Veterans Committee endorse your excellent suggestion that the VA Hospital in Jackson, Mississippi, be named after the martyred victim of racial hatred Medgar Evers, who was a member of AVC's National Board at the time of his assassination.

AVC's Jackson, Mississippi Chapter, which he headed at the time of his death, was renamed the "Medgar Evers Chapter, AVC." recently the AVC Chapter was commended by the VA for its volunteer services to the Jackson VA Hospital.

We cannot think of a more appropriate tribute to Medgar Evers and the cause of civil rights, for which he died, than to name the Jackson VA Hospital after him.

AVC, once more, repeats its opposition to the naming of any VA installation after the late Congressman Rankin. To name a VA Hospital after an avowed racist would be an insult to all servicemen and veterans, and particularly those of minority groups. We trust that the members of Congress will not insult the veterans of this nation by naming a VA installation after a man who stood for intolerance and bigotry.

We firmly support your efforts to have the Jackson, Mississippi, VA Hospital named after Medgar Evers.

Sincerely yours,

EUGENE D. BYRD, D.D.S.,  
National Chairman.

SCHOLARSHIP, EDUCATION, AND DEFENSE FUND FOR RACIAL EQUALITY, INC.,

New York, N.Y., February 7, 1968.

HON. JONATHAN BINGHAM,  
House Office Building,  
Washington, D.C.

DEAR CONGRESSMAN BINGHAM: Urge Veterans Administration hospital in Jackson, Miss., be named for Medgar Evers, a great American working to secure justice, dignity, and America's heritage for all Americans.

His martyrdom in our common cause would be appropriately memorialized by this action.

MARVIN RICH,  
Executive Director.

### House Republican Policy Committee Pledges Action To Establish Priorities, Reduce Spending and Revise and Reform Existing Programs

#### HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. RHODES of Arizona. Mr. Speaker, the deepening fiscal crisis at home and abroad demands courage, leadership, and candor.

Unfortunately, the Johnson administration has failed to demonstrate any of these qualities. Instead, it has sown the seeds for yet another spending explosion. The proposed expenditures of \$186.1 billion in the 1969 budget and the estimated deficit of \$8 to \$21.2 billion are evidences of a Government slipping out of control. Action must be taken by this Congress to impose spending priorities, reduce governmental expenditures, and reestablish fiscal credibility.

The spending policies of the Johnson administration have fed the inflationary fires, skyrocketed interest rates, and created large deficits. They have led to a marked reduction in the purchasing power of the dollar, caused a catastrophic drain on the gold supply of this country, and endangered the world monetary system.

Secrecy, improvisation, and politically inspired estimates have become the hallmark of the Great Society economic planning.

The Johnson administration has stubbornly insisted that this country could fight a major war and escalate nondefense spending. The results—devastating inflation, a dollar under attack, proposed controls on travel and investment abroad, a plea for a 10-percent surtax, the threat of wage and price controls, and a request that the 25-percent gold cover be removed.

Under the new unified budget concept, the President proposes expenditures of \$186.1 billion in fiscal 1969. If Congress enacts his tax proposals, he anticipates revenues of \$178.1 billion and a deficit of \$8 billion. Without the tax increase, a deficit of \$21.2 billion is forecast.

Under the 1969 Budget, new obligatory authority would increase by nearly \$18 billion compared to an increase of \$7.4 billion in the current year. Total budget authority would increase by over \$15 billion compared to less than \$4 billion in the current year. Net obligations incurred would increase by \$15.7 billion compared to \$10.8 billion in the current year.

Based on the pattern of the past, there is reason to believe that the 1969 budget may present a misleading picture both as to income and outgo. Thus, even with the enactment of the surtax, the budget deficit may be nearer \$15 billion than the \$8 billion the President has predicted.

For example, the President's budget assumes that the war in Vietnam will cost \$26.3 billion. This may be at least \$4 billion low just as the 1968 estimate has proven to be. Also, the President has asked for only a 10-percent increase in grants to the States for public assistance. In each of the last three budgets, the administration's estimate has been off several hundred million dollars. In fiscal 1968 the administration has had to ask for an increase of some 26 percent over the original request.

The overall expenditure estimates of the past three budgets have been incredibly wide of the mark. In 1966, the first administration estimate was a full \$10.4 billion less than actual spending. In 1967, the spread between the original and final estimate was \$10 billion. This year's budget document projects a \$4 billion increase over last January's estimate and fiscal 1968 is only half over. Also, the original estimate for the deficit in fiscal 1968 was \$8 billion. Now the President estimates that the deficit may be \$19.8 billion with a tax increase and \$22.8 billion without.

It is little wonder that the chairman of the House Appropriations Committee has warned:

History strongly cautions us to assume that the budget will turn out for the worse than the better; that it is wise to hedge against the uncertainties, the slippages, the failures.

The dramatic increase in spending under the Johnson administration is reflected in the fact that in fiscal 1965 the administrative budget expenditures totaled \$96.5 billion. At that time, defense costs were \$50.2 billion. In fiscal 1969, administrative budget expenditures are estimated to total \$147.3 billion. Of this amount, \$76.9 billion will be for defense. While defense costs have increased by \$26.7 billion from 1965 to 1969, nondefense spending has increased \$24.2 billion. Thus, on a percentage basis, both defense and nondefense spending have increased by 52 percent from 1965 to 1969.

In 4 years, full-time permanent employment in the executive branch will have increased by 454,747 to a total of 2,687,500 civilian employees. This represents an increase of more than 20 percent. In this period employment has decreased in only one agency, the National Aeronautics and Space Administration and then by only 1.5 percent. Now, in spite of the fiscal crisis, the budget anticipates a further increase in 1969 over 1968 of 45,600 full-time permanent employees in the executive branch.

Certainly no significant effort has been made by the Johnson administration to restrain other Government spending when Vietnam defense costs were clearly escalating. On the contrary, in 1965 and again in 1966 when the Republicans were outnumbered 2 to 1, President Johnson and his rubberstamp Democratic majority in Congress hastily enacted a flood of new and extremely costly programs. The next installments on these programs are now due.

This then may be the true measure of the 1969 budget as well as the Johnson administration. It is a business as usual approach. It is characterized by fast talk



and glib promises. It is so committed to the Great Society programs and increased spending that it has neither the will nor the competency to face up to our mounting economic problems and our new and pressing needs.

In the first session of the 90th Congress, Republicans were instrumental in saving the American taxpayers \$4.1 billion in proposed spending and in cutting \$5.8 billion from the President's new appropriation requests. A Republican expenditure limitation of \$131.5 billion was adopted by the House of Representatives. In a series of 23 rollcall votes on specific reductions, Republican Members of the House of Representatives averaged 85 percent support while Democrats averaged only 17 percent support.

In the second session, we pledge an even greater effort to establish priorities, reduce spending and revise and reform existing programs. This country must win the battle of the budget so that it may emerge from the present fiscal crisis strong and better equipped to meet its obligations and challenges at home and abroad.

#### President Johnson Provides Sound Leadership for American Consumers

#### HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. CELLER. Mr. Speaker, President Johnson issued a call to action to protect the rights of the American consumer.

The President has again shown his deep awareness of the needs of America consumers and of their increasing desire to have these needs met by effective Government action. Many of us in Congress have been surprised—and speaking for myself, at least, pleasantly surprised—by the amount of popular interest and support for the wholesome meat legislation, passed in the last session, and the truth-in-lending bill, which is now going to conference.

The President's consumer message contains several useful legislative proposals which I believe will evoke similar popular support. For example, there is certainly no reason why the improved system of meat inspection we have just enacted should not be extended to fish and poultry products. Consumers have as much right to protection against unwholesome fish and poultry as against unwholesome meat, and I am sure that the affected industries would themselves be the gainers when consumers can place the same reliance in the quality of their products that they now place in meat products.

We should not overlook amid these legislative proposals the President's announcement of the creation of the position of Consumer Counsel in the Department of Justice. While this administration has compiled an outstanding record in the area of consumer protection, there is still a continuing responsibility to see that these interests receive adequate consideration in decisionmaking at every level of government.

Of course, this cannot be a one-man operation, and the appointment of a Consumer Counsel cannot be permitted to detract in any way from the programs and activities for consumer protection within the various Federal agencies. The Consumer Counsel will undoubtedly need all the help he can get, not only from within the Government, but from those individuals and groups outside the Government who have done so much to focus public attention, and the attention of Congress, on the need for greater protection for consumers.

#### The Coffee Problem

#### HON. F. BRADFORD MORSE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. MORSE of Massachusetts. Mr. Speaker, several months ago I called to the attention of this House the dispute between the United States and Brazil on the production and export of Brazil's instant coffee. At the time of that writing, the International Coffee Council had not yet held its meetings in London to begin negotiations to renew the International Coffee Agreement which expires on September 30, 1968. At this writing, several weeks of meetings are over, with no visible progress in reaching an agreement. Negotiations to renew the Coffee Agreement have received a serious setback with the inability to come to a compromise conclusion on the problem of soluble coffee.

We are faced with the following facts. Brazil has already consented on a number of points with no reciprocal compromise by the United States. There is great need to renew the ICA, which is an important instrument of international cooperation. We must recognize the pledges made by the United States at Punta del Este for economic growth and diversification in developing countries. Our State Department has come out strongly opposed to protectionist pressures in other areas. This is an impressive roster, and it gives strong support to the editorial comment in the New York Times that "it is time for some American flexibility." I submit the entire editorial for the attention of my colleagues:

[From the New York Times, Feb. 6, 1968]

#### THIS PROBLEM IS SOLUBLE

A bitter dispute between the United States and Brazil has imperiled renewal of the International Coffee Agreement, which has been vital in supporting the economies of many developing countries. Both sides are at fault, but if the agreement collapses the United States, as the richest country on earth and the biggest coffee consumer, will get most of the blame.

The 65-nation agreement, due to expire in September, divides up the coffee market, with quotas for each of forty exporting countries. Twenty-five importing countries agree to pay substantially higher than free-market prices to stabilize the trade and to help the producing countries diversify their economies in order to lessen their dependence on coffee.

Washington demands inclusion in the agreement of a provision giving it the unilateral right to curb imports of Brazilian

instant coffee, produced under conditions that American and other competitors regard as unfair to them. What Washington calls a stand for the principle of fair competition seems to Brazilians a stand for protectionism, dangerous precedent and a breach of the American promise to help Latin-American countries diversify and industrialize.

President Johnson agreed at Punta del Este last April to "provide incentives for the industrialization of agricultural production" and boost "exports of processed agricultural goods." That is what Brazil has done in building six soluble coffee plants, three with American aid counterpart funds. Brazil's share of the American instant coffee market has soared from less than 1 per cent in 1965 to 14 per cent last year, alarming American manufacturers of soluble.

Brazilian soluble manufacturers buy "grinders"—broken beans whose export Brazil bans—at four cents a pound. American competitors must pay several times that amount for the African coffees from which their instant is largely made. Brazil also levies a stiff tax on exports of green coffee by way of controlling supply, but classes soluble as a manufactured product exportable tax-free. These factors explain the unfair competition charge. They do not justify American insistence that the new coffee agreement include what ultimately is a unilateral protectionist device.

After much argument, Brazil finally did consent to a number of compromises, including a freeze on additional soluble plants and action to tax soluble exports and raise the price of broken beans for Brazilian processors. Brazil also will accept international arbitration of disputes about fair competition. But the United States insists on spelling out the ultimate right of unilateral action, the one point to which the Brazilians will not agree.

Given Brazil's promised concessions, it is time for some American flexibility. An international mediation team is now in Washington and will also visit Brazil in an effort to break the deadlock before negotiations resume in London on Feb. 15. A decision that could mean life or death for this important effort at international cooperation should be made at the highest level in Washington and not by an American delegation that has shown immense sensitivity to protectionist forces on Capitol Hill but little for the deep feelings of poorer countries about industrial development.

#### Threat to Freedom

#### HON. JAMES H. (JIMMY) QUILLEN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. QUILLEN. Mr. Speaker, because of my continuing concern about the disrespect for law and order which we see around us every day, I wish to call the attention of my colleagues and the readers of the RECORD to the following editorial, which recently appeared in the Johnson City, Tenn., Press-Chronicle:

#### THREAT TO FREEDOM

Is disorder a threat to freedom?

If respect for law breaks down, can respect for the individual person hold up?

What happens to nations when they lose their values and give way to every wind that blows?

John W. Gardner, retiring secretary of the Department of Health, Education, and Welfare, made a thoughtful comment on this general subject in a recent address before the American Statistical Association. He said: "We are in deep trouble as a people. No

society can live in constant tumult. We will have either a civil order in which discipline is internalized in the breast of each free and responsible citizen, or sooner or later we will have repressive measures designed to re-establish order. The anarchist plays into the hands of the authoritarian."

We agree 100 per cent. When people become unable to govern and discipline themselves, somebody or some force comes along to fill the vacuum. The result is loss of individual freedom and establishment of dictatorship.

### Yearend Summary

## HON. CHARLES M. TEAGUE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. TEAGUE of California. Mr. Speaker, I call to the attention of my colleagues the following yearend summary, as follows:

WASHINGTON REPORT FROM CHARLES M. TEAGUE, YOUR CONGRESSMAN

DECEMBER 15, 1967.

DEAR FRIENDS: I am about to complete thirteen years as your Representative in Washington. This Report will take the form of an accounting to you of my stewardship together with a number of observations—some general and some rather specific. I realize my views will be considered too "liberal" by some, too "conservative" by others. However, I like to think that my positions are in the best overall interests of my constituents and our Country.

One of the problems an elected Representative of the people has: Must he always vote for what he considers to be the majority view of his constituency or may (or can) he use his own judgment if he disagrees with that majority view? I believe that whether our form of government is best described as a "republic" or a "democracy", most persons expect their Congressman and other elected representatives to use, at least to some degree, independent judgment. If they did not, we might as well have a national plebiscite on every issue of the day.

The following, in capsule form, are my stands on some very controversial issues I have faced during these thirteen most interesting years:

#### VIETNAM

In general, I support our involvement in Vietnam and the "limited war" concept. However, I believe that if the present escalation had occurred sooner and had included the bombing or mining of Haiphong Harbor (after notice to the non-belligerents), lives on both sides would have been saved and the war would now be over.

#### FOREIGN AID

In spite of disturbing waste and inefficiency, I consider this program to be not only a contribution to the betterment of mankind, but an important part of our struggle against international communism. It is in our self-interest and is not simply a "give-away" to what some people term an international Community Chest.

#### THE UNITED NATIONS

Although I am often disappointed at the lack of effectiveness of the UN, we must continue our support and endeavors to make it more than just an international debating society.

#### TRADE

I am for the general principle of reciprocal trade, but I believe that we should insist on more "give" and less "take" by our trading partners. In other words, nations such

as Japan, which we have aided immeasurably in the past, should, and I think will, use a certain amount of self-restraint in competing here with our basic industries. Also, I am very much opposed to selling any type of war materiel to countries that are assisting North Viet Nam.

#### ISOLATIONISM

It must be evident from my comments on Vietnam, Foreign Aid, the United Nations and Trade that it is my conviction we cannot pull into our shell and ignore the world around us.

#### FRANCE

The President has ways at his disposal, which he should use, to enforce the payment of France's World War I and II indebtedness to us.

#### OFFICE OF ECONOMIC OPPORTUNITY (WAR AGAINST POVERTY)

In spite of the serious problems in many of our cities and in some rural areas, the Anti-Poverty Program has not, for the most part, provided meaningful answers. There have been some exceptions, but the overall effort has not justified the cost. Far too much money has gone for administrative expenses. Management of the programs in many areas has been atrocious. There are numerous instances where officials seem more interested in fat salaries, large expense accounts, partisan politics and in organizing labor than in aiding the poor.

#### FEDERAL AID TO EDUCATION

This is a better answer to our poverty problems. Very few persons with high school educations cannot get jobs if they really wish to. Since our local school taxes are about as high as the traffic can bear, I cannot conceive of a better way to spend federal taxes than in helping to improve our schools. When I first came to Congress, I voted against most federal aid to education bills. Obviously, my position has changed.

#### FEDERAL SPENDING

Uncle Sam is spending considerably more than he can afford. This fact is contributing to inflation and has created a huge national debt which our children and grandchildren must pay. This is not fair to those living on fixed incomes or our descendants. Interest alone on this debt is in the order of \$15 billion a year. *Where cuts can be made:* (1) eliminate farm subsidies; (2) reduce, at least until Viet Nam commitments are less, space, model cities, rent supplements, poverty, public works and foreign aid programs; and (3) cut back federal employment, at least by not replacing some of those employees who resign or retire.

#### TAX INCREASE

I realize that my position here is extremely unpopular. Nevertheless, it seems to me that if we still are facing inflation and a sizeable deficit after all possible and reasonable spending cuts are made, the responsible thing to do is to raise taxes back to where they were in 1963. I believe that, insofar as possible, we should "pay as we go". I still consider that I made the proper decision in voting against that 1964 federal income tax reduction, in view of the crushing budget deficits that have followed.

#### THE DRAFT

I believe that it should be possible to replace the draft with a *voluntary, well paid* military force. The additional pay would be off-set by the terrific savings which would result from a drastically reduced "turnover". Huge sums of money are wasted in training a man for just two years' service.

#### RIOTS AND CRIME

Perhaps some strengthening of federal laws is needed, but I consider this problem to be primarily a state and local one. Very few people want a *national* police force. In my

view, some of our courts, notably the Supreme Court, in their zeal to protect the rights of individuals have gone farther than they should and have added to the already burdensome problems of our law enforcement officers.

#### MY VOTES ON SOME RELATIVELY MINOR ISSUES

1. *Subversive Control Board*—I voted (in effect) against the Board. I believe that the FBI can keep track of communism in this country without the Board's doubtful help. It has accomplished nothing in seventeen years except to provide a \$26,000 a year job for the husband of one of LBJ's secretaries.

2. *Mrs. John F. Kennedy*—It seems to me that, after four years, and bearing in mind her considerable personal wealth, it should no longer be necessary for the taxpayer to pay \$14,000 a month to provide Secret Service protection for Jacqueline Kennedy and her children. I do not consider this to be an anti-Kennedy stand in any sense of the word.

3. *Adam Clayton Powell*—I have little use for this man. However, as a matter of principle, I believe that the House made a mistake in refusing to seat him. We should have seated him and then censured and fined him, as recommended by the special committee on which I served. By the action taken, 500,000 people have been deprived of representation in Congress and many of them *think* (although this definitely is *not* true) that the reason is that Powell is a negro.

4. *Subsidies for Electric & Telephone Cooperatives*—I am opposed to, and believe that I had some part in blocking, an increase in these subsidies. This type of legislation comes under the jurisdiction of the Committee on Agriculture of which I am the second-ranking Republican member.

#### CIVIL RIGHTS

I agree with Richard Nixon's statement that: "The violent few do not speak for the Negroes, but they are speaking to them every day, planting the seeds of hatred." I see no need for additional major federal legislation in the civil rights field at the present time. What is needed is to encourage people to take advantage of current educational and training programs. This will qualify them for the employment opportunities now open to them under federal non-discrimination guarantees.

#### VOTING RECORD

My response to roll call votes in 1967 was about "par" for me—98%. The only votes I missed were minor and occurred during my three quick trips to California.

#### RE-DISTRICTING

In my first eight years in Congress, I represented Monterey, San Luis Obispo, Ventura and Santa Barbara Counties. Now, due to the population increase, it is just Santa Barbara and Ventura. But, under pressure from the courts, our present District will be enlarged to include portions of Western Los Angeles County. This means that I (or someone else who might defeat or succeed me) will have, after the 1968 election, the responsibility of representing about 700,000 people. By 1972 it will approach 1,000,000. The average district should be less than 500,000 in population, which means, of course, that our District is much bigger than it should be. The "one-man, one-vote" rule, which contends that the vote of one citizen should have no more weight than the vote of another, will not apply to the 13th Congressional District until 1972. But the *all-wise* court has ruled!

I shall send this Report to a few people in "our" (or someone's) enlarged 13th Congressional District.

Sincerely yours,

CHARLES M. TEAGUE,  
Member of Congress.



## When the U.S. Oil Industry Looks Ahead

HON. GEORGE BUSH

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BUSH. Mr. Speaker, in view of the undebatable importance of the oil industry to all Americans, I am sure this article from the January 15, 1968, issue of U.S. News & World Report, "When the U.S. Oil Industry Looks Ahead," will be of interest to all Americans. I am delighted to see such a reputable representative of the fourth estate publish such an excellent article and I commend them for it. In this time when the oil industry is under such heavy fire, I hope my colleagues will pay close attention to this enlightening report.

The article follows:

## WHEN THE U.S. OIL INDUSTRY LOOKS AHEAD

Latest developments in the U.S. petroleum outlook raise crucial questions for a key industry.

Will drilling of new wells keep up with soaring demand? Is Congress likely to change the tax rules on oil depletion? What if another world crisis cuts output? Here is a fresh look at petroleum's problems.

This country depends on oil to move its people and goods.

Large numbers of U.S. homes are heated with oil or natural gas. Much of the energy that powers industry comes from petroleum.

As a raw material, oil is vital to the huge chemical and plastic industries.

United States oil companies, with more than 100 billion dollars invested here and abroad, now are facing a set of crucial problems as they look to the future.

The oil industry has emerged successfully from one dramatic test. It surmounted a challenge by Arab nations that shut off vast shipments of Mideastern petroleum to the U.S. and parts of Western Europe last summer.

Still ahead are a cluster of different but equally stubborn problems—

How to meet energy demands that by 1980 will be 50 per cent larger than they are today;

How to counteract a sharp drop in exploratory drilling for new oil reserves;

How to meet a squeeze between rising production costs and relatively fixed selling prices;

How to deal with a threat in Congress to change the special tax treatment for petroleum and other mineral resources that, oilmen say, is essential to spur further exploration.

## THE RUSSIAN THREAT

On top of these worries, there is concern about the oil pact between Russia and Iraq, announced just a few weeks ago. Many in the industry view this as a setback for the West, because it gives the Soviet Union its first foothold in the strategic Persian Gulf.

As they face up to all these problems, authorities on the petroleum business say the full story of recent developments, and the risks and rewards that lie ahead, has not been fully told.

Consider the world-wide crisis the petroleum industry recently weathered:

In reprisal for what Arab nations charged was Western intervention in the Arab-Israeli war, Egypt last June closed the Suez Canal, and the Arab states embargoed oil shipments to the U.S. and to much of Western Europe.

Overnight, U.S. oil companies were forced to jump into the breach.

Domestic oil production was boosted by about a million barrels a day.

With this extra output, American companies were able to replace imports of Arab oil lost to the U.S.—about 3 per cent of domestic oil requirements—and to increase U.S. oil exports sharply to help meet fuel needs in Western Europe.

## A TEST IS MET

Says an oil-company president:

"The challenge was so well met that most Americans weren't aware of what was happening. They did not notice that a massive disruption in oil supplies had taken place, let alone becoming involved or concerned."

A few figures tell the story.

During the whole five-year period 1962-66, crude-oil exports from the U.S. had averaged only about 1.5 million barrels a year. All of a sudden, exports of crude oil jumped to 1.8 million barrels for the single month of June, 1967.

In July, they rose to 8.5 million barrels, and stayed at almost that level in August. Then they tapered off in September as the Arabs' embargo on oil was lifted.

The three-month export figure was 18.5 million barrels—more than twice the total for the past five years.

## SUPPLYING A WAR

All of this happened at a time when demand for oil by U.S. forces in Vietnam was running high.

The average Army combat division in Vietnam burns up about three times as much fuel as its counterparts in World War II and the Korean War.

The Middle East had been supplying about 200,000 barrels of oil a day to Vietnam. This supply was abruptly cut off. The extra burden was taken over by U.S. producers.

Transportation problems arose. Supply lines by sea were stretched to double their normal length by the closing of the Suez Canal. Tanker rates soared.

Still, oil deliveries were made on schedule as output was stepped up not only in the U.S., but in Iran, Venezuela and other non-Arab countries of the free world. Thus an attempted blackmail of the U.S. and Western Europe by some Arab nations was thwarted.

More recently, new unrest in the Mediterranean area, where Russian naval vessels are deployed, has made American petroleum experts increasingly nervous. A drive is on to seek out new reserves of oil in less vulnerable areas.

## FOR FUTURE: DOUBTS

Now oil-industry executives see trends that cause them to doubt whether the industry can retain its ability to cope with fresh emergencies, or even to meet the coming growth in demand.

One reason is that the search for oil in the U.S. is declining at a time when demand is going up.

The second is growing pressure to change tax laws in a way that, the industry says, will discourage oil discovery and development within the United States.

As oilmen explain it, the U.S. was fortunate to have substantial "built-in" reserve capacity to handle the sort of emergency that arose last summer.

This reserve capacity consists of oil in the ground—resources that have been discovered but not drawn upon.

Most of these underground U.S. supplies are in Texas, Louisiana and California. In the first two of those States, regulatory commissions decide how much oil shall be drawn out at any particular time.

This system of production quotas or "allowables" is partly a below-ground conservation measure, and partly a way to prevent above-ground waste of oil.

Increases in the State-authorized output of regulated domestic wells during the Mideastern crisis kept American consumers from feeling any pinch, and saved Europeans from the prospect of rationing.

## PRESSING OUR LUCK

How long could the stepped-up output have been continued from U.S. wells?

Says an oil executive: "I think we could have continued it through 1967 and maybe over into 1968, but we would have been pressing our luck."

If such a drain on domestic wells had continued for a long period, the balance between proved reserves and consumption would have been thrown out of balance.

Notes a petroleum geologist:

"Our oil reserves are like a bank account. We draw on them, but at the same time we make deposits in them by finding new supplies."

"The thing that concerns us is the ratio of new deposits to withdrawals. That ratio used to be 12 to 1 between our proved reserves of oil and our annual pumping of oil from the ground. Now the ratio is down to about 10 to 1. We have been drawing out more oil than we have been depositing, and that cannot go on over a long period of time."

## THE WIDENING GAP

Over the past 10 years, demand for oil and gas in this country has risen about 44 per cent. But proved reserves of those forms of energy have gone up only 15 per cent.

A decade ago, in 1957, a total of 14,700 exploratory wells were drilled. In 1967, the figure had fallen to 8,620—a decline of 40 per cent.

"And you have to remember that this drilling represents high-risk ventures," an oil executive says. "On the average only 3 out of every 100 wells drilled in search of new fields represent a profitable discovery."

It's when oil authorities look ahead that they get increasingly worried about trends in exploration and output.

"At the moment," one executive explains, "the U.S. is consuming about 12.7 million barrels of oil a day. By 1980, that demand will have risen to 17.5 or 18 million barrels a day. This takes into account the increasing use of other forms of energy, including nuclear power."

"If that is the case—and it is the basis on which we are making our plans—we've got to discover in that interval 78 billion barrels of oil."

"By contrast, 81 billion barrels have been produced in the U.S. in the entire 108-year history of the oil business up to now."

Can this vast amount of new oil be found?

"Yes," replies an industry economist. "The U.S. Geological Survey estimates there are still more than 300 billion barrels of oil waiting to be discovered in this country. The big problem is finding it."

## HIGH COST OF EXPLORATION

The search will take vast amounts of capital. One conservative estimate is that U.S. oil companies will have to spend roughly 115 billion dollars worldwide between now and 1980 to meet increasing demand for oil. This figure makes no allowance for steadily rising costs.

Behind the downward trend in oil-well drilling in recent years has been a severe cost-price squeeze on producers.

Prices of oil-field tools and machinery went up by about 7 percent between 1957 and 1966; of oil-well casing, 12 percent. Average hourly wages for oil and gas field workers climbed more than 32 percent.

Meanwhile, crude-oil prices were going in the opposite direction.

In 1957, the average price of domestic crude was \$3.09 a barrel. In 1967, according to preliminary figures, it was down to \$2.91, a drop of 5.8 percent. It should be noted, however, that crude-oil prices were abnormally high in 1957 and 1958 because of the Suez crisis of that period.

The retail price of gasoline between 1957 and 1967 rose only fractionally—from 22.11 cents a gallon to 22.55 cents a gallon, on

the average. Combined State and federal taxes on gasoline over the same period rose well over 20 percent.

What of the criticism in some quarters that the petroleum industry does not pay its share of taxes because of "benefits" or "write-offs" of one kind or another?

#### SURVEY BY BANK

A study by Chase Manhattan Bank shows that 29 major U.S. oil companies paid taxes of all kinds exceeding 4 billion dollars in 1966, about equally divided between income and operating taxes. This included taxes paid to foreign countries.

U.S. laws permit an American company to get credit on its domestic income taxes against taxes paid to a foreign government.

The oil industry also has been active in trying to ward off attacks on its depletion rate of 27½ per cent.

This is a tax feature that critics charge is a "loophole" in the tax law and an "unwarranted benefit" for oil producers.

Depletion is a complicated and controversial subject and has been under attack frequently during the years the rules have been in effect.

Actually, criticism centers not so much on the idea of a depletion allowance itself as on the existing rate that applies to petroleum.

The subject will continue to be aired in Congress this year, but legislative observers doubt that there will be any change in the law in 1968.

When income tax rates first reached a substantial level during World War I, Congress set up a system of permitting discovery value as the basis for computing depletion for minerals.

This proved to involve too much guesswork. There had to be a market-value determination for every new discovery. So, in 1926, Congress adopted the less cumbersome regulations that now apply.

An oil-industry expert comments:

"The depletion question comes up every time there is a tax bill. Over and over again, Congress has reviewed the issue, and each time has reaffirmed the value of the provision."

Some members of Congress, now urging broad reform in the whole U.S. tax structure, have proposed cutting the depletion allowance.

In rebuttal, oilmen say that, far from being a special tax privilege, the depletion allowance is vital to encourage the search for new supplies.

"Actually," says an oil-company president, "the rate ought to go up to 33 per cent or more to provide really equitable tax treatment for the industry and to make possible the huge capital investments that will be needed between now and 1980."

#### OIL'S SPECIAL PROBLEM

This executive adds that the oil business differs from industry generally in that it requires a continuous and unbroken stream of new discoveries so that it can maintain and increase its capacity to produce. That is because an oil field contains only a limited quantity of oil.

It cannot be replenished like the water in a well.

"All the low-cost oil and gas fields in this country already have been discovered," he points out. "From here on, the risks and costs are to climb steadily higher. The essential requirement is a continuous and enormous flow of capital available to those who have the necessary combination of know-how and willingness to take risks."

The average cost of drilling an oil well today is about \$56,000—whether the venture is a success or a failure.

Depletion benefits are available not only to oil producers, but to other producers of natural resources such as sand and gravel, coal, metals, sulphur and uranium.

The percentage of tax deduction varies in each case, because the resources differ in

abundance, in degree of risk involved in hunting for them, and in the amount of capital needed to find them.

In the case of petroleum, many wells that are drilled turn out to be "dry holes." They yield no oil at all. So the wells that do produce oil must help carry the total cost of exploration.

The depletion provision in the tax laws permits an oil producer to recover, tax-free, the value of the underground oil in the wells that have proved to be productive. Thus, the producer can use these tax savings to help pay the cost of searching for new oil supplies.

While the law permits an oil company to deduct up to 27½ per cent of the gross revenue from each producing property, there is an over-all limitation of 50 per cent of net income derived from the property.

If the depletion rate were cut below present levels, some oilmen believe, the tendency would be for oil-well operators to sell out at a capital-gains rate, retire from business and refrain from exploring for fresh reserves. "The plain fact is," one executive notes, "that you cannot force people to invest in any business, whether it be steel or autos or oil. And you cannot get them to take the risks inherent in the oil business unless the rewards look commensurate with the risks."

#### SPUR TO DIVERSIFICATION

The depletion controversy has had one additional effect: It has spurred the oil industry's efforts to diversify and broaden its base of activity.

Work is afoot to develop the vast reserves of petroleum locked in oil shale and in tar sands, and programs are in progress to extract oil from coal.

Some oil companies are also hedging their bets on the longer-range future by investing in uranium deposits or nuclear-oriented companies.

But in the years just ahead, oilmen are hopeful that tax policies, import regulations and conservation policies will encourage wider exploration for conventional sources of oil in this country.

"If we learned one lesson from last summer's Middle East crisis," an oil authority recently declared, "it should be the need for maintaining a great measure of independence from foreign supplies that might be cut off without warning."

### The Gift of Tongues for All Children in Need

#### HON. HUGH L. CAREY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. CAREY. Mr. Speaker, in his positive education message, President Johnson has recommended the full authorization of the bilingual education program, recently added to the Elementary and Secondary Education Act. Congress acknowledged when it accepted the program that an ignorance of English can ruin a child's entire academic career in our public school system, and subsequently his adult life. No matter how great his intelligence, an ignorance of the language in which lessons are conducted will place him at a disadvantage from which he may never recover—even once he has mastered English. By that time his achievement in school will be lagging far behind the norm. And with all the obstacles with which he must contend—especially poverty—the chances

are good that he will abandon school and formal education for the remainder of his life.

The President recognizes the immediacy of the problem and has urged the funding of the bilingual program as early as possible. America, always a haven for the deprived of other lands, must aid those who seek to help themselves through education, especially when they are thwarted by classes conducted in a language they cannot yet comprehend. For when they have finally become bilingual, they no longer have time for all the learning they missed while lost in a haze of "no comprendo," or "non capisco," and other sad reminders of lost opportunity.

### East-West Trade—The Dangerous Illusion

#### HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. DERWINSKI. Mr. Speaker, the Subcommittee on Europe of the Foreign Affairs Committee, on which I serve, is commencing hearings on the subject of East-West trade. The fundamental issue involved in this subject has been intensely debated for some time. To keep the Members apprised of the fundamental facts of the matter I insert into the RECORD an article which appeared in the July 1967 issue of the American Legion magazine by the then Legion national commander, John E. Davis:

#### EAST-WEST TRADE—THE DANGEROUS ILLUSION

A proposed "East-West Trade Relations Act" is receiving serious consideration in the Congress, and is backed by the Administration. It would encourage and simplify much broader trade relations between the United States and the Communist-bloc nations. The American Legion is officially opposed to this concept, and we have both short-range and long-range objections.

In our short-range objections, our National Executive Committee this May called on Congress to prohibit further trade between the United States and any Soviet-bloc country "which is providing North Vietnam with assistance of any form that can increase the war-making potential of the enemy. . . ." We need explain nothing further to justify that objection. Any such trade amounts to trading with the enemy in time of war. In the short run, we can only express amazement that East-West trade should be advanced while hostilities backed by the entire Communist world continue in Vietnam, and have since taken on a new dimension in the Near East.

Our long-range objections are better reflected in the action of our last National Convention, which opposed trade with the Communist bloc *except* in specific cases in which concrete advantage to us could be spelled out. So long as the Cold War continues, even in the absence of armed conflict, we believe that should be the absolute limit of trade agreements with the Communist bloc. Here we recognize that trade *might* be used as a means of weakening the cohesiveness of the Soviet bloc, that our trade *might* be helpful in causing a member country of that bloc to weaken its ties with the Soviet power centers.

We have, for instance, engaged in limited trade with Communist Poland and Yugo-



slavia in such hopes. In the case of Poland, even Senator Fulbright has had to admit that its leaders have actually drifted toward a greater reliance on the Kremlin while enjoying favorable U.S. trade relations.

We have possibly made some headway in encouraging Yugoslavia's visible spirit of independence from Soviet domination with some small trade, though that isn't conclusive yet. Whether we succeed or fail in such ventures, they are at least tied to a very clear purpose, in which we are trying to use trade instead of bullets as a weapon in the Cold War.

But the proposals for a general broadening of our trade with the Communist world totally escape any practical purpose. They prevent us from using trade as a weapon, by simply extending it freely in broad terms. The very arguments in favor of broader East-West trade are dreamy and generalized. The commonest one of all is that we would be "building bridges of friendship." On the record, trade is a game of advantage, not friendship. Right up to the eve of War, Hitler and the Japanese Empire traded with those they attacked in WW2, and as we well know, they traded most earnestly in whatever would best strengthen them for the coming conflict.

Last December, Assistant Secretary of State Katzenbach argued that proposed East-West trade would be in consumer goods, therefore it could not be expected to bring any advantage to the Soviet military thrust. He went on to cite an Italian Fiat agreement to build a compact car plant in the Soviet Union as an example of the kind of profitable trade we are losing in the absence of an East-West trade agreement.

I find such argument to be frightening. When our own President is embarrassed by burdens that military operation in Vietnam impose on his domestic program, how can our government argue that the same principal does not apply in the Soviet Union? Anything that we do to provide consumer satisfaction in the Soviet Union frees Soviet energies and resources for their aggressive external policies. The point is so obvious that I am not really arguing it, but simply pointing out the bankruptcy of the rationales in favor of broad East-West trade. Even in the case of the Fiat plant, we now have been approached to lend Fiat the money for machine tools through the Import-Export Bank. Obviously, the Soviets will not release sufficient capital from their offensive programs even to acquire such an asset. They will be happy instead to see us help capitalize this plant in Russia for the benefit of Russia and Italy, while they save what capital they can to foot war in Vietnam, the Middle East, Latin America, etc.

The present move toward East-West trade traces to a report in favor of it by the Committee for Economic Development issued in May 1965. A minority report in the same study, drafted by committee member Robert E. Kleberg, should have received more attention. Wrote Kleberg, in part: "... it would be unrealistic to hope that mutually useful trade could be developed with the Communist countries under present circumstances. We would receive little benefit from such trade and would expose the Western world to some or all of the following hazards:

"(1) An increase in Communist propaganda and subversion in Latin America under the guise of trade.

"(2) An opening of the trade barriers which we have attempted to impose around Cuba.

"(3) A further detriment to our balance of payments position as a result of the credits which we would have to extend to Communist countries.

"(4) An increase in the flow of our technical information and know-how to the Communist world.

"In short, Communist governments look

upon trade as a political weapon and use it as such. So long as this is true, we should attempt to deny it to them."

These are hard, demonstrated facts, none of which are met by saying "Bridges of Friendship."

### Staffing the Model Cities Program

#### HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ASHBROOK. Mr. Speaker, it will be remembered that some time ago the House Committee on Un-American Activities held extensive investigations on the Ku Klux Klan and its activities in recent years. One of the many members of the various Klan organizations to take the fifth amendment before the House Committee on Un-American Activities was Georgia's grand dragon of the United Klans of America, Calvin Craig. In addition to Craig, J. D. Newberry was identified by the House Committee on Un-American Activities investigators as Georgia's grand klabe, or treasurer, of the United Klans of America and klabe of the Nathan Bedford Forest Klavern No. 1 in Atlanta.

One of the objections of some of the Federal poverty programs pertains to the selection of personnel to administer or participate in the programs. People with their own axes to grind have distorted the intent of the program for their own selfish ends. And if the case of Craig and Newberry is any indication, it would seem that the model cities program will be subjected to the same danger. Certainly there are available persons better disposed to participate in this program than those associated with the KKK. From a personnel standpoint alone, this Federal venture will experience rough sailing if the qualifications of its participants are not more discriminating.

I include the article "Klan Haven," from the February 10, 1968, issue of Human Events in the Record at this point:

#### KLAN HAVEN

LBJ's Model Cities program, a sort of super-grade urban renewal program, is rapidly becoming a sanctuary for exalted members of the Ku Klux Klan.

As revealed in these pages last week, Calvin Craig, Georgia's Grand Dragon of the United Klans of America, the largest and most powerful Klan organization in existence, was recently elected an officer in the federally sponsored model cities plan in Atlanta, Ga. The \$16,000 executive director of the project is Johnny C. Johnson, a Negro, who hopes "to be in many close meetings with Mr. Craig and establish some type of communication."

Craig will have a say in policy even though, according to the House Committee on Un-American Activities, Georgia's Grand Dragon has incited racial incidents, is fond of "increasing racial tensions" and has encouraged violence-prone individuals to join the UKA.

Craig, who took the 5th Amendment before HCUA, has also attended and authorized Klan courses in the use of shotguns, handguns and explosives. In 1965 Craig said he was going after white politicians "who have done nothing but give lip service to the white man while they went to bat for the niggers." "Just remember this," he barked

out, "[Sen.] Dick Russell took off for Europe when the election campaign was going on and he could be campaigning for the white man. And every time a nigger is elected to office Little Herman [Talmadge] has to take him down to his farm for a chitterling dinner and pig ear salad."

But Craig, as it turns out, isn't the only Klansman who will have some control over the taxpayers' dollars in the Atlanta program. Under the federal government's plans to increase "citizen participation" in various projects, some 59 residents in Adair Park in Atlanta were able to pick J. D. Newberry to sit on the model cities 14-member executive board, of which Mayor Ivan Allen is chairman.

This executive board, an Atlanta model cities spokesman told *Human Events*, will "set policy and determine expenditures" for the Atlanta program. Unlike Grand Dragon Craig, Newberry is expected to receive pay for his special services.

Newberry, in case the taxpayer is interested, was identified by HCUA investigators as Georgia's Grand Klabe (treasurer) of the United Klans of America and Klabe of the Nathan Bedford Forest Klavern No. 1, also located in Atlanta. Newberry also refused to respond to committee members' questions as to his Klan connections and as to whether he took money from the UKA and transferred it to his personal account.

Newberry still won't say whether he's a Klan officer, but his own heating company has advertised in the "Yellow Pages" of the Atlanta telephone directory: "Newberry Heat Co., KKK—Klean, Kozy, Komfortable."

While some people tend to laugh off the Klan as a clownish outfit, the UKA is a far from funny organization. The HCUA has established beyond doubt that the UKA is composed of unsavory characters bent on terrorizing the Negro and other minority groups.

Founded in 1961 with the aid of Craig, the UKA has had among its highest officials members of the American Nazi party and other extremist organizations. Furthermore, Klan members take instruction in the fine art of demolition. Craig, himself, attended and approved of explosive courses in which it was demonstrated how to blow up cars and integrated restaurants. Klan members have also been implicated in numerous killings.

Two members of the UKA in Georgia were convicted on federal conspiracy charges for the wanton killing in 1964 of Lt. Col. Lemuel Penn, a Negro. United Klan members in Georgia were also responsible for discharging buckshot pellets into the face of a 13-year-old Negro girl.

As a result of these disclosures, some congressmen would like to know more about the model cities program. They just can't understand why an Administration so intent upon yanking federal subsidies from schools and hospitals that are not desegregating at a fast enough pace to suit federal bureaucrats is somehow eagerly willing to foster grants to projects that will be partially directed by members of the violence-inciting UKA.

### Response to "Pueblo" Seizure

#### HON. FRANK E. EVANS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. EVANS of Colorado. Mr. Speaker, the Denver Post is one of the great newspapers of this Nation.

I wish to commend to the attention of my colleagues an editorial which appeared in the Denver Post on Friday, January 26. This editorial intelligently

analyzes the actions taken by President Johnson in response to the seizure of the U.S.S. *Pueblo*, a vessel which was commissioned last May and named after my home city of Pueblo, Colo.

Mr. Speaker, the Post praises the President, both for calling up reservists in case they are needed and for avoiding a rash response which could endanger the lives of the *Pueblo's* 83 crewmen and also could spark a wider conflict.

Mr. Speaker, I offer this editorial to be printed in the RECORD:

#### L. B. J.'s COURSE IS THE RIGHT ONE

In the crisis arising from North Korea's seizure of the *Pueblo* off the port of Wonsan, President Johnson's decision to call up 14,600 Air Force and Navy air reservists is a sensible and constructive one.

It improves the power and the flexibility of the United States to deal with contingencies that may arise within the next few weeks either in the Korea area or in Vietnam.

It makes clear the seriousness with which the United States regards the incident and demonstrates its capacity to call additional forces into play in the event they may be needed.

It offers some relief—though perhaps not enough—to the pent-up flood of national indignation which might have forced the President to take still stronger action.

The call-up of the reservists puts the United States in a better position to act, without committing it to action prematurely, needlessly or unwisely.

This is still the time for fact-gathering and analysis, for pursuing the matter through diplomatic channels, for seeking the return of the seized vessel and its crew through peaceful means.

A rash act by the United States at this stage could cost the lives of the 83 men seized with the *Pueblo* and bring about the destruction of the ship.

A rash act could also broaden the scope of our Asian war and impose new demands on our military resources before we are ready to cope with them.

President Johnson has acted with both forcefulness and restraint. He has sent the aircraft carrier, *Enterprise*, to the trouble area. He has called up reservists. He has taken steps to seek the return of the *Pueblo*. But he has wisely refrained from opening up a treacherous new theater of war in the Far East.

The call-up of the 14,600 reservists would have made sense even if the *Pueblo* had not been molested off North Korea. The growing Communist threat in Vietnam justifies the preparation of new manpower and new airpower to meet dangers that might arise in the next few months.

The President, in short, has acted wisely thus far from every point of view. He has again demonstrated his capacity to keep his head in a dangerous situation. If other Americans will keep their heads as well as he, a second war may well be avoided in Asia.

### The Partnership for Learning and Earning Act

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. HAWKINS. Mr. Speaker, the President recommends that Congress enact the Partnership for Learning and Earn-

ing Act of 1968. He calls on all of us to give the young men and women of this country the tools which they need for gainful employment after they are graduated from high school.

In recent sessions of the Congress, we have done much to support vocational education. A wide variety of bills has been passed.

But we are still charged with the constant need for examining these legislative enactments to help our State and local governments keep pace with the changing demands of our economy.

The President's message on education recognized this fact: a high school diploma, to be valuable, must be accompanied by skills that allow any graduate to get and keep a good job.

When the Committee on Education and Labor reported the Vocational Education Act of 1963, we made a strong start toward giving our schools the means to lower unemployment in this country.

Still, we can do more for, in coming years, employment opportunities for our young men and women will continue to broaden. The schools must be helped to meet these changing trends in our economy.

The President has given us a realistic assessment of the problem and a partial solution. Those of us committed fully to providing the fullest possible educational opportunities for our young men and women are heartened by his call to action.

At this point, Mr. Speaker, I offer a useful summary of this legislation which has been prepared by the U.S. Office of Education. I would like to call the attention of other Members to it.

The summary follows:

#### FACT SHEET: PARTNERSHIP FOR LEARNING AND EARNING ACT OF 1968 BACKGROUND AND NEED

The 1917 Smith-Hughes Vocational Education Act was enacted to meet the demands of an economy just reaching industrial maturity. Dominant allotments went to vocational agriculture and home economics; provisions were also included for training in trades and industry.

The 1946 George-Barden Act was introduced to meet changes in labor force demands over the nearly thirty year period. Support for vocational education was increased and a new category of occupational support was added. During the war years preceding 1946, agricultural productivity had jumped from an annual increase of 1 percent to an annual increase of 5 percent. This rising farm productivity had freed labor from agriculture for industrial purposes. A heavy emphasis on the need for industrial workers during the war had also caused the public schools to establish new training programs for industrial contribution to the war effort. More than 7 million persons had left farm and fireside to work in the factories and industrial complexes. The Act added support for vocational education in the distributive occupations and increased support for existing categories. Ten years later two new categories were added—training in the fishery trades and industry and practical nurse training.

The American economy continued to change over the next few years and manpower needs shifted considerably. A changing industrial and occupational mix and a more sophisticated technology led to a shift from a primarily blue-collar and agricultural labor force toward the white-collar employment. The labor market became characterized by a paradox of persistent unemploy-

ment occurring simultaneously with the rising demand for skilled manpower. There was a drop of 772,000 workers in low skill manufacturing occupations between 1957 and 1962. Yet, it was estimated that there would be a 40 percent increase in the number of jobs for professional and technical workers by the 1970's.

In response to this shift in manpower needs, the Congress reviewed the operation of existing laws and enacted the Vocational Education Act of 1963. The new funds were to be expended for State and local vocational education programs under six broad categories; it was designed to fit individuals for gainful employment, including business and office occupations not covered by the previous laws. In FY 1965, \$123,500,000 was appropriated for operation of programs under this law; FY 1968 appropriations were \$199,310,000.

Under the Vocational Education Act of 1963, the number of vocational students in secondary schools rose by 1,504,000 from 1964-1966. Of these 1,238,000 were persons who were trained in a business occupation. Of the remaining increase of 266,000 persons, 200,000 were trained in trades and industries occupations. The number of post-secondary vocational students rose by 907,000; 798,000 of which took training in business education and 70,000 of which were trained in trades and industries occupations.

In the next few years, employment opportunities in the professional, semi-professional, and technical fields will continue to increase. Demand in the public service field alone exceeds labor supply by 5 to 1. The technological breakthroughs that have been witnessed in the passed five years have led to greater and greater demands for trained personnel in scientific research, development, production and services in all fields of applied science. At present, it is estimated that there should be 2 technicians to every engineer or professional physical scientist; there should be 6-10 technicians for every medical doctor or professional researcher in the health fields and 4-5 for each professional biological scientist.

The job of our Nation's schools is particularly critical in view of these new and emerging occupations and the resultant demands to be faced by the labor force. Broader training must be offered to high school students in vocational education; students must be encouraged to stay in school and to undertake technical training or other occupational work at the post-secondary level. Adults must be retrained to assume the duties of 3-4 new careers per lifetime predicted for the future.

#### PROPOSAL

##### Title I—Exemplary programs or projects in vocational education

A program of grants for Exemplary Programs or Projects to State vocational boards, local educational agencies, and public and private agencies, organizations and institutions would be established. The programs and projects would serve as models for quality vocational education. Examples of programs which might be supported are:

Exploratory occupational education programs;

Programs or projects to provide students educational experience through part-time work to assist in their maximum development and to help link school and employment;

Guidance and counseling to assure that all students' interests and capabilities are developed in relation to career objectives and to ease the transition from school to work by initial job placement;

Improvement of curricula to stimulate broad-scale innovative changes to provide more realistic vocational education programs for youth and adults at all skill levels.

Beginning with Fiscal Year 1971, the funds appropriated for exemplary programs would be apportioned among the States and outly-



ing areas as follows: \$150,000 would be apportioned to each State and not more than 2 percent would be reserved for outlying areas, and the remainder would be apportioned according to population aged 14 through 19. Fifteen million dollars would be authorized for Fiscal Year 1969.

Before making a grant to a State or local educational agency, the Commissioner must find that in planning and carrying out the project, local manpower agencies, employers, labor organizations, and community groups will be involved. No project may be approved if the State board for vocational education disapproves.

**Title II—Consolidation and improvement of existing programs**

The proposed legislation would consolidate in Fiscal Year 1970, existing authority for vocational education programs under the Smith-Hughes and George-Barden Acts. The earmarking by purpose of uses of funds under section 4(a) of the Vocational Education Act of 1963, such as the 25 percent minimum expenditure for construction and/or post-secondary vocational education would also be removed. Non-occupational homemaking would receive an independent program authorization.

Starting in Fiscal Year 1970, 25 percent of the funds appropriated for the consolidated vocational education authority above the appropriations level for Fiscal Year 1969 would be earmarked for vocational programs specifically designed for the disadvantaged.

The proposed legislation would remove the requirement for separate matching purpose-by-purpose and project-by-project and instead provide for overall statewide matching. The proposal would provide more flexibility in that varying proportions of Federal funds could be used in matching State and local funds. Federal funds could then be directed to areas of greatest need.

The proposal would also amend the Vocational Education Act of 1963 to establish a National Advisory Council on Vocational Education to be appointed by the President and to provide for a broadly representative State Advisory Council on Vocational Education in every State.

The proposed legislation also includes the requirement, effective in FY 1970, that every State submit a State plan each year which would contain, in the first year, a 5-year plan—specifying long-range objectives for vocational education in that State—to be supplemented and updated in the State plans for subsequent years so as to always extend over a 5-year period.

The State plan for each year would also contain an operational annual program plan which would set forth detailed program information for the school year and relate annual objectives to those set forth in the 5-year plan.

Each State advisory council on vocational education would advise the State board for vocational education on the development of the State plan, including long-range and annual program objectives. Each State advisory council would also submit to the State and to the National Advisory Council, an annual detailed report and evaluation of vocational education programs in the State, including recommendations for changes considered necessary.

The State plan should indicate each year that consideration had been given to the State advisory council's recommendations. The State plan would also include detailed information on the extent to which State vocational education programs are utilizing the experiences and knowledge gained from Exemplary Programs and Projects. The State plan would contain assurances that all policies and procedures concerning administration of the vocational education programs would be a matter of public record and be made reasonably available to the public. The State plan would also indicate that all local

educational agencies in the State had reasonable notice and opportunity for public hearings on the State plan.

The National Advisory Council would advise the Commissioner on regulations and policy matters, including procedures concerning the approval of the State plans as well as exemplary programs and projects. It would also submit an annual report to the President and the Congress on administration of the vocational education programs in the country.

The provisions for lead-time and advance funding authorized in P.L. 90-247, the Elementary and Secondary Education Amendments of 1967, would be broadened to include vocational education programs under the Partnership for Learning and Earning Act of 1968.

The Commissioner is authorized to enter into contracts to collect and disseminate information on vocational education programs in order to measure the effectiveness of the program and make available materials and technical assistance to State boards and local educational agencies or institutions of higher education initiating or expanding vocational education programs.

The Federal share for the cost of the program in the Trust Territory of the Pacific Islands would be 100 percent.

**Title III—Adult education**

The proposal would lower the minimum age eligibility requirement for participation in the Adult Education program from 18 to 16 years of age.

The proposal would also increase the variable percentage for the set-aside for special projects in Adult Education to from 20-40 percent.

**Inter-American Cooperation for Conservation**

**HON. DANTE B. FASCELL**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. FASCELL. Mr. Speaker, recently a conference was held in Brazil to discuss ways in which the inter-American nations can best work together for the purpose of conserving our natural resources. This is but another example of the many ways the nations of the Western Hemisphere cooperate for their mutual benefit.

I commend to my colleagues the following editorial which appeared in the distinguished Spanish-language newspaper *Diario las Americas*, which comments most favorably on the Brazil meeting:

**PUBLIC INFORMATION ABOUT THE CONSERVATION OF NATURE**

Last December, in the city of Rio de Janeiro, was held the Second Round Table of Information About the Conservation of Nature's Resources, for which invitations to journalists and scientists were issued by the Secretary General of the OAS, Dr. Jose A. Mora. That Round Table was sponsored, in addition to the Pan American Union, by the Technical Center of the Inter-American Press Association and by the Brazilian Foundation for the Conservation of Nature. The Brazilian Academy of Science gave all its support to this event.

The result of this Second Round Table was what was called "Quinta da Boa Vista Plan."

Ten points covered the recommendations made to the OAS, to the IAPA Technical Center, to the scientists and to the journalists in general, so that all that is necessary be made

known to prevent the continuation of the destruction of nature's renewable resources, in detriment of the universal biological balance and, as a consequence, also in detriment of mankind.

The important Department of Scientific Affairs of the Pan American Union was represented by Mr. Felipe Sanfuentes, Editor of the magazine "Inter-American Science"; the Technical Center of the Inter-American Press Association—of so much significance for the free and modern journalism—by Mr. Guillermo Gutiérrez, Vice President and Managing Director of that Center, and the Round Table had as Technical Director the Brazilian scientist Jose Candido de Melo Carvalho. The Brazilian hosts added to their friendly cordiality, technical and practical facilities so that the Brazilian scientists and those of other countries who exposed problems concerning the conservation of nature could carry out their mission successfully.

The journalists of different Latin American countries and of the United States who attended this Second Round Table of Information About the Conservation of Nature's Resources, received with interest the brilliant expositions of the technicians and were all in agreement with the pressing need to create public awareness—through an adequate diffusion—about the conservation of nature's resources, so that the devastating unbalance that results from this destruction not take place. Everything in the universe has been ordered in such a way by the Creator that when the extinction of the species takes place artificially, the devastation of forests, or the loss of water, for example, the damage is of incalculable proportions for all.

Very meritorious was the work done by the Department of Scientific Affairs of the Pan American Union, by the IAPA Technical Center, by the Brazilian Foundation for the Conservation of Nature, and by the journalists, who not only heard the excellent expositions of the scientists, but who also expressed their points of view about the way in which the governments and society in general should contribute to the necessary maintenance of nature's renewable resources.

**President's Crime Message Lays Foundation for Congressional Action**

**HON. LESTER L. WOLFF**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. WOLFF. Mr. Speaker, I wish to commend the President for his message on crime. I consider it an excellent statement of the crime problem facing our Nation today and the steps which must be taken to cope with it. The message has laid the foundation for congressional action.

One area of the President's message which deserves special emphasis is that of curing the abuses which now exist in our drug laws. To point out an example, under present laws the possession of the mild hallucinogen marihuana is punishable as a felony while the sale of the more potent and dangerous LSD is a misdemeanor. The use of LSD must be controlled. Its use has been linked with psychosis and undesirable personality changes. The American public and more particularly the young adult population should and must be protected from the evils of LSD and other dangerous drugs. I urge action on the President's proposal

to make the illegal manufacture, sale, or distribution of LSD punishable as a felony.

### Idahoans Expand Alliance Program for More Aid to People of Ecuador

#### HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. HANSEN of Idaho. Mr. Speaker, the Partners of the Alliance, a non-Government portion of the Alliance for Progress, is one of the best people-to-people good-will programs of which I have knowledge. I am proud of the extent to which Idaho has participated in this program of self-help involving our neighbors in South and Central America.

Mr. Speaker, the following article, from the Idaho Daily Statesman of December 5, 1967, published in Boise, Idaho, gives a graphic account of Idaho's latest participation in this most worthwhile program:

#### IDAHOANS EXPAND ALLIANCE PROGRAM FOR MORE AID TO PEOPLE OF ECUADOR

(By Jerry Gilliland)

Idahoans took steps Monday to step up foreign aid to the South American country of Ecuador.

The steps were an expansion of the Idaho Partners of the Alliance to include a statewide representation. A visit to Ecuador sometime in January is the next step for some members of the group.

Idaho industrialists Robert Hansberger, president of Boise Cascade Corp., and J. R. Simplot, head of the J. R. Simplot Co., were hosts for the meeting in Boise which included active members of the Idaho Partners of the Alliance and other interested persons.

James Boren, Washington, D.C., director of the national Partners of the Alliance Programs, spoke at the session, describing some of the work other state organizations are doing to assist Latin American countries.

#### "CHANNEL" SOUGHT

"People in this country are ready to respond to the self-help projects of the people of Latin America," Boren said, "they only need the channel to do it."

The "channel" in this case is the Partners of the Alliance Programs, a non-government portion of the Alliance for Progress, he noted.

In effect, the Partners program involves the use of statewide committees in various states dealing directly with committees in Latin American countries. Idaho's partner is Ecuador, Boren said.

Boren, himself an employee of the U.S. Agency for International Development, said in an interview that only \$500,000 in tax dollars has been spent so far on the four-year-old Partners program.

#### FUNDS AID TRANSPORTATION

The money is used for transportation of program development teams and volunteer assistance, he said. So far, the state committees have contributed \$9 million in the form of hospital equipment, generators for village community centers, pumps for wells and other such assistance, Boren noted.

Idaho has "had a very excellent and successful beginning" in its partners program, he noted. The Gem State group has collected such things as several thousand inoculation needles, sewing machines, equipment for a rural hospital, an irrigation system, and equipping an Ecuadorean school.

The partnership is not a one-way deal, Boren said. "More important than the dollar and cents tag are the personal intangibles that are involved when people work directly with people, not with the focus or charity but on self-help which includes the element of dignity."

Latin Americans also are making contributions to the United States, he said. In the Little Rock, Ark., public schools, two Bolivian teachers are setting up a Spanish program, while art exhibits from several Latin American countries have toured the U.S. A Brazilian composer will soon present a premiere performance of an original symphony in Maine, Boren cited.

The key to all Partners projects is self-help Boren said. The Latin Americans do all they can do on a project, then their American partners help with the rest.

Projects are outlined by the committee in the Latin American country and forwarded to the U.S. committee in the state involved, he said. In Idaho's case, the state committee will look at Ecuadorean projects in January and then apportion them to civic clubs and other organizations which might want to help.

"Any civic club, any high school student body, neighborhood bridge group or any individual who want to do something constructive can do it through the partner program," Boren said. "The only limits are the limits to the imagination of the people involved."

The Partners program adds a much needed "grass roots" facet to the Alliance for Progress, he noted. "We have not in the past had the means to respond to the small self-help projects in the villages, we just were not geared for the \$150 to \$200 project."

#### Safe Streets

#### HON. WILLIAM J. GREEN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. GREEN of Pennsylvania. Mr. Speaker, the President today sent to the Congress his message on the challenge of crime to our society. I can think of no problem for which the public is demanding more immediate attention.

The acceleration in the commission of serious crimes in the United States is a matter of utmost concern to every citizen. Statistics indicate that the risk of becoming a victim of a serious crime is constantly increasing. This unfortunate trend of disregard for law and order is a problem of national proportions requiring the full attention of the U.S. Congress. While a majority of the crimes committed in this country—assault, rape, burglary, armed robbery, and murder—are matters of local cognizance, the Constitution does not prohibit the Federal Government from assisting the States in discharging their responsibilities in law enforcement.

The President's Safe Streets and Crime Control Act is designed to provide Federal assistance to State and local law enforcement agencies to promote the coordinated development of comprehensive law enforcement plans.

It can be anticipated that the resultant programs would provide greater public security from crime in our homes, and in streets and other public places. The training of local law enforcement officers in techniques necessary to combat mod-

ern criminal procedures would result in more effective local police departments. Educational programs and more adequate compensation for training personnel would attract professionals of high caliber into this essential field of public service.

We cannot allow the minority of persons who engage in criminal conduct to deprive other Americans of the benefits of our society. Congress must act promptly on the President's proposals.

#### H. H. H. Didn't Tell Whole Story

#### HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. DERWINSKI. Mr. Speaker, while we all recognize the spontaneous eloquence of our esteemed Vice President, a thoughtful commentary on the inconsistency of some of his recent pronouncements was carefully noted in the following article in the Aurora, Ill., Beacon-News on January 19, written by Dumitru Danielopol, the outstanding international columnist of the Copley Press.

#### H. H. H. DIDN'T TELL WHOLE STORY

(By Dumitru Danielopol)

WASHINGTON.—"We have supported majority rule, human rights and self determination throughout the world," said Vice President Hubert H. Humphrey on his African tour.

I wish this were so.

"We will not abandon them in the southern sixth of Africa," the vice president continued taking a swipe at South Africa, Rhodesia and Portugal and their minority and colonial rules.

What about other parts of the world particularly the Communist world?

The Johnson-Humphrey administration has abandoned them for at least 100 million people living in Eastern Europe.

Our record regarding these countries is dismal.

Apart from the fact that the United Nations charter, of which the United States is one of the first signatories, specifically guarantees human rights to all peoples, the U.S. has other obligations, too.

It signed peace treaties in 1947 with Italy, Bulgaria, Romania, Hungary and Finland. All have human rights clauses.

Article 2 of the Treaty with Hungary says:

"Hungary shall take measures necessary to secure to all persons under Hungarian jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights and of fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political option and public meeting."

The same text figures in Article 3 of the treaty with Romania and Article 2 of the Bulgarian treaty.

These are equally binding to all signatories, including the United States, the Soviet Union, France and Britain.

For more than 20 years these rights and liberties have been denied the peoples of Bulgaria, Hungary and Romania by the satellite regimes brought into power by Russia.

Has the United Nations done anything about this?

Why hasn't the U.N. voted sanctions against the Communist regimes, as it did against Rhodesia?



Why hasn't the United States insisted that the rights and liberties of the peoples of Eastern Europe be respected?

It may also be pertinent to recall that it was President Johnson who on Oct. 7, 1966, cast aside the last vestige of U.S. opposition to Communist regimes in Eastern Europe.

In a New York speech, he announced a policy of "peaceful engagement" that abandoned the high principles of the Atlantic Charter, the ideals of the United Nations Charter and the obligations of the peace treaties of 1947. He called it recognition of "the realities of today."

It was also President Johnson who accepted a Communist as president of the United Nations General Assembly.

And it is the Johnson administration which is advocating massive economic help to the Communist countries of Eastern Europe.

Let's tell the whole story. Let's not pose as supporters of "majority rule, human rights and self determination throughout the world."

### American Aims and Objectives in South Vietnam

**HON. JOHN O. MARSH, JR.**

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. MARSH. Mr. Speaker, without doubt there has been a great deal of misunderstanding about the American aims and objectives in South Vietnam. Recently, there appeared an editorial in the Staunton News-Leader that addresses itself to this doubt and misunderstanding, and seeks to put it in its proper perspective.

Because I feel this editorial, which draws on the comments of General Johnson, the Chief of Staff of the Army, sets out the basic reasons for our commitment, I would like to bring it to the attention of the other Members.

The article follows:

#### ANSWERS QUESTIONS ON WAR

Among major causes of opposition in this country, and probably abroad, to the war in Vietnam are misunderstanding of the conduct of that war, and failure to grasp the menace of Communist aggression to free peoples everywhere. In a recent address to a group of newspaper men, Gen. Harold K. Johnson, chief of staff of the U.S. Army, made what would be a valuable contribution to popular understanding of both of these factors, were it possible to get the text of his address to all Americans.

Because what Gen. Johnson said is so informative and to the point. The Leader Papers begin today a serial publication of his address. It is probably too long to attract the readership it merits if published in one take. The following initial chapter will be followed by installments which can be easily and quickly read. We urge all who wish a better understanding of the war to read each one:

#### "VIETNAM: QUESTIONS AND ANSWERS

“(By Gen. Harold K. Johnson, Chief of Staff, USA)

“One: This is a difficult war for journalists. Two: It is a difficult war for every American.

“Why is this a difficult war for journalists? To start with, it is a war without front lines—without key terrain features—without a Remagen bridgehead to seize, a Guadalcanal to assault, or a Pusan perimeter for a valiant stand and dramatic breakthrough. There just

aren't the standard combat situations that lend themselves to spectacular and easily understood reporting. In the rare instances where such situations do arise, they are often brought directly into our living rooms—live and in color. Competing against that kind of live action, the war correspondent has a troublesome time winning the readers' or listeners' attention with reports on pacification, nation building, and social and economic progress.

“Why is this a difficult war for every American? Well, in the first place the public, too, would prefer to read about the Remagen bridges and the Guadalcanals. We would like our victories to show up as well-defined lines on a map. But the thing which causes every American the greatest difficulty is simply the nature of the whole Vietnam problem.

“Because of its impact on the future of free men and women everywhere, Vietnam is one of the most imposing problems that has faced our nation. It is a problem because its solution demands special understanding, conviction, and support from the American people. The enemy knows this and attempts to exploit every opportunity that presents itself.”

### International Communism: A Study in Designs and Intrigues

**HON. JOHN R. RARICK**

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. RARICK. Mr. Speaker, more voices are being raised to alarm the American people against the designs and intrigues of the godless, materialistic philosophy of communism.

Many of the warnings come from the increasing number of citizens from former free countries, from men who have seen the forced application of unworkable Bolshevik theories and propaganda and their rejection by awakened peoples.

Such was the speech of Prof. Nicholas Nyaradi, former Minister of Finance of Hungary and presently chairman of the School of International Studies, Bradley University, Peoria, Ill.

His statement is invaluable to any student grasping to understand the goings on, direction and intentions in the restless world, and I include Professor Nyaradi's speech following my comments:

#### THE COMMUNIST PARTY IN INTERNATIONAL AFFAIRS

(By Prof. Dr. Nicholas Nyaradi, former Minister of Finance of Hungary, and chairman of the School of International Studies, Bradley University, Peoria, Ill.)

The Bolshevik revolution in 1917 signaled the beginning of the greatest mass exodus of human beings the world has known since the migration of peoples in the early Middle Ages. The stream of refugees from Communism started with millions of Russians fleeing the red terror the Bolsheviks have established in their homeland and continued with the mass movement of Poles, East Germans, Czechoslovaks, Hungarians, Romanians, Yugoslavians and Bulgarians to reach its climax during the last decade in the flight of North Vietnamese, North Koreans and Cubans.

The total number of those who were not permitted to vote in their own countries so they chose to "vote with their feet" is well

above 10 million and to absorb so many people of so varied backgrounds caused considerable problems in the host countries all over the world. This must have been the reason why some fifteen years ago in Western Europe a somewhat tongue-in-cheek definition was coined which sounded like this:

“A refugee is a man who has lost absolutely everything except his foreign accent.”

This was certainly our case when my wife and I arrived in the United States some eighteen years ago. Yet today when we are not refugees anymore—being the proud and happy citizens of the United States of America, and the parents of two American born children—I feel that eighteen years ago there still was one valuable item among our meager belongings with which we arrived in the New World. This item had no monetary value and could not be confiscated by guards on the boundaries of the Iron Curtain because it was invisible and intangible—it was the first-hand experience which I brought with me from three years of struggle, observation and contact with the highest echelons of Communist leadership.

On November 6, 1947, Mrs. Nyaradi and I were sitting in a reserved box of the “diplomatic row” in Moscow's Bolshoi Theater. The occasion was the thirtieth anniversary of the Bolshevik revolution and the speaker was Vyacheslav Molotov—at that time foreign minister of the Soviet Union.

Besides the usual outbursts against “Western imperialism” and “capitalistic encirclement” Molotov's speech contained two highly important aspects. First he announced that the atomic bomb ceased to be an American monopoly and then he wound up his address with a rather ominous statement declaring that “World War I has brought the victory of Communism in Russia; World War II resulted in the Communist takeover of the half of both Europe and Asia and World War III will inevitably result in the victory of Communism all over the world.”

Hearing this I turned toward General Walter Bedell Smith, the American ambassador, who was seated in the adjoining box with his diplomatic family and asked him about his opinion concerning the Molotov statements. General Smith dismissed them with a shrug of the shoulder as “mere propaganda” and I understood that this was also the opinion of most Western diplomats who were accredited at that time in the Soviet capital.

The following day I had one of my several meetings with First Soviet Deputy Prime Minister Anastas Mikoyan who was my counterpart in those long and tedious diplomatic negotiations which brought me to Moscow. Using the unfortunate Potsdam agreement as a lever, Russia lodged a 200 million dollars claim of war reparations against Hungary and I—as the Minister of Finance of the Republic of Hungary—was trying desperately to whittle down this outrageous amount which threatened my country with immediate economic collapse. (After seven months of bickering with Mikoyan I was finally able to reduce this claim to less than one fourth of its original amount—to 45 million dollars. While I feel that I must be the only living person on earth who ever succeeded in taking out 155 million dollars from Stalin's own pocket this still did not do me too much good. A few months later when I had to flee Hungary for my life Stalin was able to take back not only the 155 million dollars, but unfortunately, the whole of my native land.

While diametrically opposed to each other in ideas and philosophy Mikoyan and I have developed some kind of a grudging and reluctant respect toward each other which—I believe—was based mostly on mutually recognizing each other's training and experience in the field of economics and finances.

Under such conditions I have asked Mikoyan point blank about the meaning of Molotov's statement concerning the atomic bomb. Mikoyan's answer was just as brief and to the point when he told me that Molotov meant exactly what he said.

Shortly after my flight from Hungary the "Saturday Evening Post"—an important American magazine—asked me to write for them three articles about my diplomatic experiences in the Soviet capital and in which I also mentioned my conversation with Mikoyan and expressed my opinion that the Soviets have already developed an atomic bomb.

After the articles were published in the Spring of 1949 I was deluged by letters from readers who accused me of scare tactics and alarmist propaganda at a time when American authorities declared that Russia will not possess usable atomic weapons for another five—or even ten years. However, this flood of critical letters suddenly stopped when in September of 1949 President Truman tersely announced that the Soviet Union has detonated its first atomic device.

Today—almost two decades later—Western chancelleries still dismiss important Communist foreign policy statements as "mere propaganda" or as "talking to the gallery." However, I feel that perhaps the most important lesson I have learned in my seven months ordeal in Moscow was the discovery that one cannot draw a dividing line between Communist propaganda and Communist foreign policy: the two are closely linked and feed on each other.

In spite of the spectacular success of Communist aggression in the last decades the remaining free part of the world still stubbornly closes its eyes and ears to the increasing danger signals of Communist conquest and domination.

When Lenin came to power in 1917 in Russia he succeeded with the help of a handful of supporters—less than one tenth of one percent of the total population of Russia. And today this small group—as well as their heirs and successors—dominate 13 countries which include the forty percent of the population and one-third of the land area of the world.

More than one billion people in 13 different countries all over the world live under Communist governments today—and there was not one single case in which these governments would have been established by the freely expressed will of these different nations—as these Communist governments were all established by force, violence, armed aggression and subversion. (The only exception was the small Indian state of Kerala where the elected Communist government mismanaged the affairs of the state to such an extent that even the Socialist Prime Minister Nehru of India had to use federal power to oust the Communist criminals from the Kerala government).

Communist aggression has succeeded to subjugate in less than a half century such large areas and populations that, compared to this success, all the past conquerors, dictators and aggressors of world history—the Alexanders, the Neros, the Genghis Khans, the Napoleons, the Hitlers and the Tojos—look as fumbling amateurs compared to the leaders of Moscow and of Peking.

Yet, the great tragedy of our times lies in the fact that this success was achieved not in the name of an invincible doctrine and victory was not won by Communist demigods ten feet tall. I have known personally, perhaps, more Communist government leaders than any other statesman or diplomat of the West and I came to know them as men who were riddled with fear and inferiority complexes trying desperately to make an unworkable system work.

The key to the success of Communist aggression can be found—incredibly enough—in the ignorance, the indifference, in the

apathy and in the taking for granted attitude of those they want to destroy—ourselves!

When I try to analyze Communist aggression I speak not only on the basis of history books or research. My professor in Communist aggression was no less an authority than Joseph Stalin. My teacher in Soviet foreign policy was Vyacheslav Molotov and I received first-hand lectures in the field of Soviet economics from Anastas Mikoyan. I have watched closely Nikita Khrushchev as he muscled himself into power by treachery and deceit and I knew personally Alexander Kosygin—the present Soviet Prime Minister—from the time he was the Finance Minister of Russia and my counterpart in the Soviet government. (As a matter of fact I still have reason to believe that Kosygin is not much more than a figurehead in the present power structure of the Soviet Union. I have always known him as a well established technical expert in the field of finances and economics, who, however, was then—and I believe is today—a political nonentity. So I feel that if Kosygin is today the real political boss of Russia then I just as well could be either the Patriarch of Constantinople or the Grand Mufti of Jerusalem).

It was this background over which I have built my present position as an American college professor and college administrator—as well as a proud and grateful citizen of the United States of America. I keep in close contact not only with many of my friends who are statesmen, diplomats or business leaders in the free countries of the world but also watch closely the developments in the United States as I am a member of the Task Force on the Conduct of Foreign Policy of the Republican Party.

From this vantage point of observation it was not too difficult for me to establish the main objective of Russian and Chinese foreign policy which is, was and will remain the destruction of the United States of America.

The Soviet Union and the People's Republic of China need desperately new areas, new sources of raw materials, new industrial potential in order to sustain and expand their political, social and economic systems. As long as this power potential is available in the United States, neither Russia nor Red China can hope to dominate permanently the North American continent—and the rest of the free countries of the world—from several thousand miles of distance.

The very existence of the United States today is a roadblock to Communist aggression exactly as the "fleet in being" was the cornerstone of the "Pax Britannica" in the 19th century. Once the United States is destroyed not only its allies—like Great Britain or Western Germany—would go down the Communist drain, but even the existence of outright neutralistic countries like Switzerland or Sweden would be put in jeopardy. (And while certain strains exist today—in my opinion regrettably enough—in American—South African relations, even the future of the Republic of South Africa depends to a great extent on how the United States will be able to repel, contain or discourage worldwide Communist aggression).

Yet, in spite of this important role and in spite of the tremendous sacrifices in lives, as well as in gold, the United States was willing to hear in order to repel Communist aggression—still oddly enough it was the same United States which in so many instances came to the aid of various Communist governments when they were about to crumble under the burden of their own shortcomings and contradictions.

While it cannot be stated in good conscience that this was all part of a preconceived plan, yet historical facts point clearly towards the important role the United States has played—unwillingly and unwittingly—in building up the Frankenstein monster of Communist aggression.

When after the Bolshevik revolution the new Soviet government was crumbling as a consequence of the severe food shortage in Russia, it was the large scale charitable venture of a thoroughly great American—Herbert Hoover—which saved Russia from the threat of famine and Lenin's government from collapse.

American engineers and technicians were instrumental in the large scale industrialization of Russia during the first five year plans between 1928 and 1938, while at the same time their Soviet counterparts enjoyed the help and the hospitality of American automobile factories where they studied American mass production techniques and procedures.

Intellectuals in the United States openly praised Communism and Communists during the 1930's and 1940's and an American president proudly declared that he has several Communists among his best friends.

In October 1941 United States Ambassador W. Averell Harriman signed the so-called "First Moscow Protocol" in which the United States pledged to give large scale lend-and-lease aid to Russia at a time when America was still a neutral country, as the Japanese attack on Pearl Harbor did not take place only until two months later—in December 1941.

The 21 billion dollars worth of lend-and-lease aid (valued at 1938 wholesale prices) did not only provide Russia with enough military equipment to keep some 180 Soviet divisions fighting during the war but also constituted a long range investment in the industrial-military capability of the Soviet Union. Railroad rolling stock, blast furnaces and openhearth furnaces, machines and machine tools which were received from the United States were used in the Soviet Union for a long time after the war came to an end and provided Russia with the solid foundations which were needed to develop the country into the industrial giant it is today. (A member of the Soviet delegation I was negotiating with was the former head of the Soviet lend-lease purchasing commission in the United States. He told me how the Soviet Union received blueprints, patents and information on American industrial production and I myself—when visiting a large automobile plant in Moscow—counted some 900 various pieces of machinery which were marked "Made in Pittsburgh" or "Made in Detroit").

The Tehran, Yalta and Potsdam agreements which resulted in handing over the countries of Central and Eastern Europe to the tender mercy of the Soviet Union did not only cause—at least indirectly—the enslavement of 100 million cultured, civilized and God-fearing people, but these agreements are also responsible for the considerable increase in the Russian military potential because of the inclusion of these highly industrialized countries into the Soviet orbit.

In 1946—at a time when the anti-communist members in the Polish, Czechoslovak and Hungarian coalition governments were already fighting with their backs against the wall the constantly increasing Communist pressure in their countries—General George C. Marshall wanted to persuade Generalissimo Chiang Kai-shek to participate in such a coalition government with the Chinese Communists. And when Chiang—seeing the fate of these coalition governments in Europe—rejected General Marshall's suggestion the United States punished him by canceling its economic and military aid to China, which then led directly to the Communist take-over on the Chinese mainland.

In the Korean war General Douglas MacArthur requested several times the authority to smash the Red Chinese invaders in their "privileged sanctuary" behind the Yalu river. Today we know that at that time the Chinese Communists were totally unprepared to meet such a challenge and Red China's military power could have been de-



stroyed before it reached its present frightening proportion. Instead, General MacArthur was relieved of his command by President Truman for "insubordination"—and the United States has settled for a status quo, making the Korean conflict the first war in American history which did not end with a victory for the United States.

When in 1956 the Hungarian revolution shook the Kremlin in its foundations and threatened with collapse the Russian and the Chinese Communist empires, we should just remember Mao Tse-tung's frightened speech at that time . . . ("let a thousand flowers bloom, let a thousand thoughts prevail") the United States limited herself to denouncing the Soviet brutality in Hungary with strongly worded speeches in the United Nations. There is strong evidence today that if the Hungarian freedom fighters would have received only token help from the West in 1956 then not only the other captive nations of Europe would have risen against their Soviet masters—and it would have been impossible for Russia to subdue the simultaneous revolutions of 100 million people in eight different countries—but there were also serious signs of mutiny among the Soviet troops deployed in Hungary. There was, however, at least one important voice in America which stated that the United States went far beyond "non-intervention" in Hungary. Representative Michael Feighan (Democrat of Ohio) read into the CONGRESSIONAL RECORD, volume 106, part 14, page 18785, a telegram which was sent by the State Department on November 2, 1956 to Josip Broz Tito, President of Communist Yugoslavia in which the opinion was expressed that the United States does not look with favor upon the establishment of unfriendly governments to the Soviet Union on the borders of the Soviet Union. It is interesting to note that by that time the Hungarian revolution was completely successful, the Russian occupation troops were retreating from Hungary and the Soviets—obviously worried about the possibility of Western intervention in Hungary—were negotiating in Budapest with the Imre Nagy government about Hungary's withdrawal from the Warsaw pact.

However, if Congressman Feighan's statement was based on correct facts—and to my knowledge the existence of such a telegram was never denied—then this message might have alleviated the Soviet fear from American intervention. Two days after the telegram was dispatched a Soviet army of 200,000 men and 6,000 tanks invaded Hungary on November 4, 1956 and crushed the revolution in a blood bath. Under such conditions it would seem plausible that this telegram might have been the green light which prompted the Soviet invasion of Hungary at the time of the greatest crisis in the Communist world. And if this telegram really expressed the official position of the United States government it would not seem exaggerated to say that it not only prevented this way the destruction of the Soviet colonial empire in Europe but perhaps also the collapse of Communism in Russia and eventually in China.

The ill-fated landing at the Bay of Pigs in Cuba in 1961 has ultimately helped Fidel Castro to tighten his grip on this newly established Communist military, economic and propaganda base in the Western hemisphere. And while the late President John F. Kennedy in 1962 successfully called the Soviet bluff in the Cuban missile crisis, America's unwillingness at that time to eliminate the Communist power base in the Western hemisphere might have been the first factor which started the slow disintegration of the North Atlantic Treaty Organization. The original American condition to lift the "naval quarantine" around Cuba was that international inspection should certify the removal of the Soviet missiles

from the island. When Nikita Khrushchev insisted that Fidel Castro is "unwilling" to permit such international inspection, the United States was satisfied to photograph Soviet freighters which were hauling large tarpaulin-covered cigar shape objects as proof of the removal of the Soviet missiles. This was the time when rumors started in various capitals saying, in effect, that if the United States is unwilling to enforce its own conditions at 90 miles to the south of its border, how will it come to the rescue of an ally which was attacked 5000 miles away?

In 1963 large scale sales of American grain to Russia saved the Soviet government from the consequences of an acute food shortage and from the resulting popular discontent. Yet, at the same time, Russia's attitude toward the United States—both in words and deeds—was as unyielding as ever and even the anti-American demonstrations and denunciations of the allegedly defunct Stalinist era were reactivated as an instrument of Soviet foreign policy.

While this brief documentation of United States help to governments, the main purpose of which still remains the destruction of America, is impressive, the great majority of Americans do not believe that this interesting pattern was the part of conscious or deliberate planning. The overwhelming opinion of Americans is that we—in our constant quest for peace—have made unintentional mistakes and that our frequent support of Communist governments and their objectives was motivated by good intentions. (There was perhaps only one—now forgotten but important—dissenting voice in this connection: that of the late James Forrestal, the first Secretary of Defense of the United States. He once said that if so many of our actions were the results of mistakes, then how is it possible that all these mistakes always turned out to favor our adversaries and never ourselves?)

It is clear, however, that the stand which the United States takes at the present, when it opposes Communist aggression in Viet Nam, is quite different from the general pattern of the last three decades. While the war aims of the United States in Viet Nam seem to be just as limited as they were in Korea (containment of aggression without clear-cut military victory), yet the American bombings of Communist military installations in North Viet Nam, as well as the conspicuous absence—until now at least—of Chinese "volunteers" show a considerably harder line of American policy than was the case in any previous confrontation with Communist aggression.

We have also to state that in spite of past mistakes and in spite of the increasing efforts of the "New Left" in the United States, the great majority of the American people are genuinely worried about Communist aggression and are willing to bear the necessary sacrifices both in American lives and in American gold to oppose this aggression. While the Vietnamese war is certainly not popular with the American people, yet the great majority of Americans support the President in the stand he takes against Communist aggression. If criticism is voiced it is not so much because of our stand in Viet Nam, but because the people would like to see the war ended by the full use of American technical power and military superiority. (This was clearly demonstrated in public opinion polls taken at the end of June 1966 and which showed that President Johnson's sagging popularity had increased after the new American air attacks on oil installations in the previously "off limits" Hanoi-Haiphong area were announced).

The general explanation and justification of the American stand in Asia is the guarantee which three Presidents of the United States (Messrs. Eisenhower, Kennedy, and Johnson) have given to the people of South Viet Nam in order that they should be able to preserve their right of self-determination.

While this argument has a strong appeal to the idealistic state of mind of the average American, yet one hears more and more about the so-called "domino theory" which—in view of the past record of Communist aggression—contains a strong element of realism too. According to this theory an American withdrawal from South Viet Nam would not only result in the Communist takeover of that country, but would encourage Communist aggression against other countries too, which would topple—like falling dominoes—in a chain reaction. Or, as I have described this situation recently in one of my classes at Bradley University: "If we withdraw today from Viet Nam, in two years we would have to fight in Thailand, in five years in the Philippines, and in ten years either in Hawaii or at the Golden Gate Bridge in San Francisco."

Several prominent politicians and public opinion leaders in the United States, who oppose President Johnson's policy in Viet Nam, question the validity of the domino theory, but the past tragic record of appeasement of both Nazi and Communist aggression certainly supports it. I—for one—am a staunch believer in the "domino theory", as I happen to be the native of a country—Hungary—which was one of the twelve "dominoes" which fell to Communist aggression during the last two decades.

There would be, of course, a third—and very forceful—argument to support the American stand in Viet Nam. Would it be possible that one day the free world will recognize the fact that if we would continue on the tragic road we were walking ever since the end of World War II—constantly retreating, constantly compromising, constantly giving away our rights and the rights of others—then, finally, we would be pushed against the wall and we still would have to fight. But by that time I am afraid we would have nothing left to fight with and we would have nothing left to fight for.

While the pattern of Communist aggression was clearly established during the last decades—first in the foreign policy of the USSR and then later in the official attitude of the People's Republic of China, it is interesting to observe the perfect co-ordination between these policies and the various Communist parties and Communist sympathizers all over the world.

During the first 21 months of World War II, when Britain was staggering under the blows of the Nazi war machine, Communist Russia and Nazi Germany were co-operating with each other in full harmony under the terms of the Ribbentrop-Molotov agreement. As late as in June 1941 American Communists were picketing the White House and demonstrating against the possibility of the United States entering the war on the side of Great Britain. When Germany suddenly invaded Russia on June 21, 1941 the same Communist demonstrators—still carrying their signs which read: "Let God save the King, the Yanks are not coming"—were suddenly withdrawn, only to reappear a few hours later demanding America's immediate entry into the war on the side of Russia and Great Britain.

During the thirties and the forties left-wing elements all over the Western world were busy in explaining that the Russian people under its Soviet masters live considerably better than it did under the Czar and that the Chinese Communists are idealistic "agrarian reformers." The Communist take-over of Cuba was greatly facilitated through the successful propaganda in the United States, depicting Fidel Castro as the best hope for democracy in Latin America.

Turning our attention to more recent events, which clearly prove the close connections between Soviet and Red Chinese foreign policy on one side and the activities of the world-wide Communist parties on the other, we have to look only at the statement of Dr. Leonel Alonso, which he made recently

at a press conference in Miami, Florida, Dr. Alonso, who defected from his post as Castro's ambassador to Lebanon only last summer, told how he and other Cuban diplomats distributed millions of dollars all over the world to the local Communist parties, financing in this way Communist revolts and anti-government activities in various countries. (As the former Cuban envoy made it clear that much of this money came from Soviet sources, it is somewhat difficult to understand why so many leaders in the Western world still doggedly believe that the Soviet government has become a moderate, peace-loving group of gray-flannel suited business executives, whose only concern is to maintain order and equilibrium all over the world. It is also interesting to note that the present methods and organization of Communist espionage and sabotage activities—as revealed in Dr. Alonso's statement—fits exactly into the pattern which I have described in my book, *My Ringside Seat in Moscow*, some fifteen years ago).

During last summer, when a rash of so-called race riots hit several large American cities and in many cases the National Guard had to be called out to quell the disorders, the General who commanded these troops in Cleveland, Ohio said that "we are fighting a guerrilla war". While there was widespread concern that these riots followed a clearly established pattern with trained agitators—including Communists—organizing the insurrection, the United States Government steadfastly denied the existence of such influences. However, the New York Times published a report on August 26, 1966 according to which Mayor Ralph Locher of Cleveland "wholeheartedly" agreed with grand jury findings that recent riots in his city had been fomented by trained agitators, assisted by Communists. It should be also noted that the so-called "civil rights movement" in the United States should be strictly a matter of internal policies and should have nothing to do with international relations. Yet, several leaders of this movement made it clear, in many instances, how they condemn the stand which the United States takes in Viet Nam opposing Communist aggression.

Of course one should not say that all opposition to the Viet Nam war in America comes from Communist or Communist-influenced elements. Yet, there is ample evidence that this relatively small but extremely vociferous and often articulate group was strongly used by the Communists in order to achieve their over-important goal: first to discredit and then to paralyze American resistance to Communist aggression. The House Committee On Un-American Activities of the Congress of the United States held hearing recently on a proposed bill which would prevent American citizens from giving moral or financial aid to the enemy in an undeclared war—in this case the Viet Cong and Communist North Viet Nam. The opponents of the bill not only made shambles of the hearing room with their unruly behavior (a relatively mild example of this was the statement of one of the witnesses when he refused to answer the Committee's questions on the ground that "the question nauseates me and I would vomit all over the table") but several of these opponents openly admitted that they are Communists, or "Marxist-Leninists". It would be difficult to deny the similarity between the behavior of these anti-Viet Nam war demonstrators in 1966 and the attitude of the Communist pickets in front of the White House in June of 1941.

In this connection, it is extremely interesting to examine the recent findings of the Internal Security Subcommittee of the United States Senate. The committee charged that Communists have played a key role in organizing campus demonstrations against the war in South Viet Nam.

"The Communist Party, USA, brand may be found upon every phase of the rallies," the

subcommittee said in a report on hearings held last year, "from planning to the final effort to proselytize young people."

Seventy-eight pages of previously secret testimony, made public with the report, dealt with the Free-Speech movement at the University of California, and with war protests there and at the University of Wisconsin.

The subcommittee inquiry also covered the W. E. B. Du Bois Club and the report said there is "an official link of the Communist Party, through Du Bois Clubs, with campus activities directed against policies of this country with respect to Viet Nam."

The hearings were held May 17 and 18, 1965, amid demonstrations on campuses around the country.

"These demonstrations seemed spontaneous at first," the report said. "But a pattern emerged, on campus after campus, which made it unmistakably clear that the Communist Party, USA, and its front organizations were playing a key role in organizing them."

"It became increasingly evident that the Communist Party in both fomenting and exploiting campus unrest was laying the groundwork for a concerted drive to recruit youth to its cause." It went on:

"A traditional tool of the Communists is infiltration, and it was used to the hilt on campus after campus. Students-body grievances were either fraudulent, created, stimulated or exaggerated as a catalytic means of setting off mob explosions."

"Once aroused, students' energies were channeled and directed by professionals and their disciples into forums, rallies, protests, resolutions, defiance of law and out-and-out law violations."

Among the most vociferous anti-Viet Nam demonstrators are the members of the so-called W. E. B. DuBois Clubs—a student group which was recently placed by the U.S. Attorney General on the list of subversive organizations. The Communist affiliations of this group became evident in the following statement made by Gus Hall, the leader of the Communist Party of the United States: "Quite naturally we have the closest ties with the DuBois Clubs since they occupy a Marxist position. Many of the members of the DuBois Clubs have joined our party."

"The fact that youths are coming into the Communist party of the United States is a most important distinguishing feature of our time."

While the role of Communist parties carrying out Russian and/or Red Chinese instructions all over the world is extremely dangerous in itself, it can become an outright tragedy in case of war. When I visited the Kutuzov Military Academy in Moscow (the Soviet equivalent of West Point or Sandhurst), the commanding general of the school explained to me how his officers are being trained not only for "horizontal" but also for "vertical" warfare.

Following my question he explained that until the establishment of the Communist rule in Russia the world knew the classical form of "horizontal warfare"—the opposing armies meeting head-on in the field on the "horizontal" level. However, now the Communist parties in the various free countries possess a "vertical" potential and can penetrate deeply into the social, economic and industrial structure of their countries—helping in this way actively the attacking Communist forces in "vertical warfare."

I also remember once having told a high-ranking Soviet official in Moscow that in view of the overwhelming industrial power of the United States the Soviet Union would not have a chance in winning a military confrontation with America. Hearing this, he smiled and answered with an ironic expression on his face, "Mr. Minister, even the most complicated American machines will grind to a halt if a few grains of sand will be dropped between their wheels. And believe me, we have the men to do this job."

Even if we believe that the overwhelming majority of the Viet Nam war critics in the United States are not Communists or Communist-influenced, yet it is tragic to observe how the clever Communist propaganda has blinded these otherwise honest and goodwill people to accept the Communist propaganda line of confusion and double standards.

Today many American politicians, public opinion leaders, students and professors condemn what they call "American intervention" in Viet Nam. Yet most of these distinguished people were conspicuously silent when Soviet tanks crushed the revolt of the East-Berlin workers on June 17, 1953.

Many clergymen—and the World Council of Churches—call the American resistance to Communist aggression immoral. Yet, not as much as a whisper was heard from these same circles when Communists overran Tibet in 1958 and forced the Dalai Lama—the spiritual leader of Buddhism—into exile.

When last winter a fanatic American pacifist burned himself to death in front of the Pentagon, protesting the American involvement in Viet Nam, nobody asked the question why not one single "pacifist" demonstrated in front of the Soviet Embassy in Washington in November 1956, when the Soviet army murdered tens of thousands of freedom fighters in Hungary.

The double standards in this connection are so obvious that one cannot but quote the words of the old American adage: "What is sauce for the goose, should be also sauce for the gander." As long as these double standards will exist, questions will continue to pop up if not about the goodwill and the honesty of the non-communist supporters of this cause, but at least about their knowledge and understanding of the lessons of history and the nature and pattern of Communist aggression.

The clever cooperation between official Communist foreign policy and party propaganda has by now regrettably resulted in a king-size confusion of the Western mind. It would be difficult to deny that a considerable tension exist today between the Soviet Union and Red China yet nobody dares to predict the Soviet attitude if and when "the chips would be really down". The painstaking desire of Washington to keep the Viet Nam war localized and limited stems from the uncertainty that nobody seems to know how the Soviet leadership would react to a spreading crisis in Asia. Great-power political interests of the Soviet Union obviously would not favor large scale Chinese gains in this area, yet the significant and increasing Soviet military aid in anti-aircraft weapons to Hanoi seems to indicate that Communist ideological solidarity still supersedes Russian power political interests.

At the same time the Western world still desperately clings to the wishful dream concerning the "moderation" and "mellowing" of Soviet foreign policy. While there isn't an iota of real evidence for such a change—except for certain minor changes in Russian strategy and tactics—we still stubbornly talk about "Chinese Communist aggression in Asia" while we constantly try to convince Russia about the possibility of a fruitful co-operation between the Communist and the non-communist world. It almost looks as if we would draw a dividing line between the "bad Communists" in Peking whom we have to resist and the "good Communists" in Moscow with whom we can co-operate!

The greatest—and most dangerous—success of brain washing and propaganda, however, consists in the fact that by now most of the people in the free world sincerely believe that anybody who calls their attention to Communist aggression is either a warmonger or an extremist—if not outright a Fascist or a Nazi. The wartime coalition of the great democracies with the Soviet Union has created a curious state of mind: because of the World War II confrontation of powers the subconscious belief still lingers



that anti-communism is necessarily identical with Fascism. Yet the proudest badge I am still wearing as a consequence of my high office in Hungary consists of the fact that the Fascists there didn't miss an opportunity to call me a Communist, or at least a fellow-traveler, while the Communists branded me as an American spy and an agent of the imperialists.

The desire for a lasting peace is deeply rooted in the hearts of free people everywhere. They still have to learn yet that peace can be neither achieved nor defended by weakness, hesitation and appeasement.

I have known, personally, more Soviet leaders than perhaps most Western statesmen and diplomats. And I have known these leaders as men who understand—unfortunately enough—only one single language: the language of iron determination, as everything else they mistake for weakness. The best way for us to maneuver ourselves into the horrors of World War III would be to create the false impression in the minds of the leaders of Moscow and of Peking that we are weak, that we are afraid, that we want peace at any price. In this case I can assure you that we would witness the explosion of Soviet and Red Chinese nuclear warheads over the cities of the free world. The only way to avoid World War III is to let these leaders know that we are ready, able and willing to fight if they ever would force us into it. Never before in world history was the 2000 years old Roman adage as true as it is today: "si vis pacem, para bellum"—if you want peace, be ready and prepared for war.

In this connection there cannot and should not be any difference between free nations all over the world. It is certainly not within my competence and jurisdiction to discuss certain divergencies which exist between the official foreign policies of The Republic of South Africa and the United States of America. But as a private American citizen I believe I have the right to state that when it comes to Communist aggression then South Africa and the U.S.A.—as well as all the free nations of the world—find themselves in the same boat. Whether it is in the lovely capital city Pretoria or in my home town of Peoria, Illinois, U.S.A., we face the same dangers and share the same hopes and aspirations. Besides courage and determination our mightiest weapon is the fact that truth is on our side. The half century record of Communist aggression speaks so loudly for itself that it is frustrating and discouraging to see the great obstacles and difficulties which seem to stand in the way of drawing the inevitable conclusions from this record. Would it be possible that the words of the American philosopher, George Santayana, can be applied to us who said that "those who are unwilling to learn the lessons of history are bound to repeat it?"

There is no question about it that a fog of ignorance, of indifference, and of apathy has descended upon the hearts, the minds, and the souls of free people all over the world. If we will not be able to lift this fog, it will inevitably lead to blindness. And in this connection we cannot but remember the 3000 year old Greek adage: "If the gods want to destroy someone, first they strike him with blindness."

#### Tourist Harassment

**HON. PETER W. RODINO, JR.**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. RODINO. Mr. Speaker, numerous editorials and other expressions of interest have been appearing steadily

since the administration's travel tax plan has been made public. While critics are notoriously fickle, on this issue however, there has been more consensus than usual—and I believe for good reason. As a means of substantially cutting into the balance-of-payments deficit the travel tax represents more of a nuisance than a serious formula for even a partial cure. Moreover, the particulars of the measure are so riddled with exemptions, and so arranged that the middle-income traveler is hardest hit—the rich can afford it no matter what, and the poor would not be going in any case—that I believe the individual tourist tax approach to be faulty and more burdensome than the value of the added revenue.

Following is a recent editorial from the Newark News:

#### TAXING TOURISTS

The tax on tourists' overseas spending, which President Johnson has proposed to help reduce the unfavorable balance of international payments, attempts to meet protests against unduly burdening teachers, students and others traveling on small budgets.

A student prepared to spend \$600 in a two-month European stay—based on Treasury Secretary Fowler's report that \$10 a day is typical—is hardly likely to cancel because of a \$27 tax. Nor is a traveler who has long been dreaming of a three-week tour at a modest \$15 a day likely to be upset by a levy of \$25. As for the rich, they are not likely to be stopped by the proposed tax.

Even though the tax rate doubles on spending of more than \$15 a day, the total effect still may be more nuisance than deterrent. Similarly, the proposed 5 per cent excise tax on plane and ship fares would probably provide little or no restraint.

The President himself acknowledged as much in predicting, in his State of the Union message, that even under the proposed limitations Americans will travel more overseas this year than ever. Furthermore, the \$500 million by which the President hopes to slow tourist spending is only about one-seventh of the deficit in the balance of payments.

So what Congress is asked to approve is a form of tourist harassment that at best would have a negligible effect on the balance.

#### France Must Pay Its Debt

**HON. THEODORE R. KUPFERMAN**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. KUPFERMAN. Mr. Speaker, I have today joined with Congressman LESTER WOLFE—see the CONGRESSIONAL RECORD of February 1, at page 1779—and the more than 100 Congressmen who have signified their desire by concurrent resolution that France be called upon to pay its World War I debt to the United States of over \$5 billion still in default both as to principal and interest.

While among friends debts can be forgiven, for we sometimes ask to forgive our debts as we forgive our debtors, France, as personified by Gen. Charles de Gaulle has indicated a determination to breach the traditional ties between that country and ours. Accordingly, we should expect to be compensated in the full amount due.

I am joined today in this determination by a partisan group of House Members including: Mr. BARING, Mr. BRASCO, Mr. BROWN of Michigan, Mr. CAHILL, Mr. DANIELS, Mr. DE LA GARZA, Mr. DERWINSKI, Mr. DICKINSON, Mr. FOLEY, Mr. GOODELL, Mr. KYROS, Mr. MCCLORY, Mr. MCCLURE, Mr. O'KONSKI, Mr. PHILBIN, Mr. POOL, Mr. RIEGEL, Mr. ROGERS of Florida, Mr. SMITH of New York, Mrs. SULLIVAN, Mr. VANDER JAGT, Mr. WHALLEY, Mr. WHITTEN, and Mr. WIDNALL.

#### Congressional Summer Intern Program

**HON. WILLIAM V. ROTH, JR.**

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ROTH. Mr. Speaker, I was, as were many Members, deeply disappointed in the House's action when it eliminated funds to continue the congressional summer intern program. Notwithstanding the very real need to cut spending, I believe the proven worth of the intern program justifies its continuation.

House Resolution 1008, introduced by Messrs. MACHEN and CLEVELAND last year, is presently pending before the House Administration Committee. It is my understanding the committee plans to take up the proposal in the next few weeks, and I hope passage of the resolution can be achieved soon.

The beatniks, hippies, and flower children, who capture the headlines and generate expressions of concern over the younger generation, are by no means representative of America's young people. On the contrary, I find the young men and women I meet increasingly aware of the problems confronting us as a nation, and more alert to the challenges and responsibilities of citizenship. We, in Congress, I believe, ought to encourage intelligent and industrious young people to take an even greater interest in the affairs of their country and to devote a part of their considerable energies and talents to public service.

Recognizing the educational benefits derived from working and studying on Capitol Hill, a number of colleges and universities have for a number of years supported a summer-in-Washington program on their own. Reports indicate that many of these young scholars have given valuable assistance to individual Members who have set them to work on research projects.

The individuals interning under these privately sponsored programs will not, of course, be affected by our failure to fund the Congress' own summer intern program. But, hundreds of bright young people interested in government and politics attending the vast majority of schools which do not support their own intern program will be foreclosed from taking advantage of this unequalled educational opportunity as a result of the House's action.

Last summer I had two interns for 5 weeks each. They did not have much time to learn the ropes here on the Hill,

but both young men, John Stoppelman and Vincent Poppiti, plunged into their work with enthusiasm and were of great help to me. I have had to put off the requests of other young men and women who wish to work here on the Hill this summer in the hope that the House will continue the intern program, if only at a limited level. I should like to say yes to one or two of them.

The highly publicized activities of a small number of interns last summer should not cause us to abandon such a worthwhile and successful program as this. Rather, it is incumbent upon Members themselves in the selection and supervision of their interns to instill in them a respect for the Congress and its traditions to prevent a repetition of last summer's unfortunate incidents.

### The New York Times Praises Performance of Arts and Humanities Foundation

#### HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BRADEMAS. Mr. Speaker, within the next few weeks the house will consider legislation to continue and expand a program of great significance to the quality of our national life. I refer to the National Foundation on the Arts and the Humanities, established in 1965 to encourage progress and scholarship in the various branches of the arts and humanities.

Mr. Speaker, as a nation marked by continuing scientific and technological advancement, we must also direct our energies and concern much more vigorously to the development of our cultural resources.

Congress recognized this need in creating the National Foundation, which for the past two and a half years has performed with wisdom and imagination in administering grants to support projects in the arts and humanities across the country.

Mr. Speaker, in an editorial on February 6, 1968, the New York Times offered high praise for the promising record established by the National Foundation so far and support for its extension by the Congress.

As noted by the Times:

The United States now gives less Government support to the arts than any other civilized country in the Western world.

We can do no less than to build upon the small beginning we have made in public support for the arts by approving the bill to reauthorize the program of the National Foundation for another 2 years.

I insert the text of the New York Times editorial at this point in the RECORD:

#### NATIONAL ARTS FOUNDATION

Public, as opposed to private, subsidy of the arts is something new in this country, or at least overt subsidy is. For some considerable time the arts have enjoyed foundation support, itself an oblique public subsidy, and patrons of the arts have for long en-

joyed certain tax concessions that in themselves represented an indirect contribution to the arts from the economy's public sector.

When in 1965 the National Foundation of Arts and Humanities was founded, its birth was accompanied by a great deal of goodwill, but also a certain healthy skepticism. This, after all, was not the American way of financing the arts, and this new Government body had to prove itself in a number of areas. First, was it efficient? Did it know where to pass the buck where it was most needed? Second, was it impartial? In Europe, the concept of a nonpolitical but government-financed agency is more easily accepted than in the United States.

The foundation has set a record of which it can be proud. Born part of despair and disbelief, it has established for itself in the world of the arts a reputation not only for fair dealing but also for perceptiveness. The foundation also has proved itself extremely flexible in its operations, recognizing that arts subsidies in the United States cannot be slavishly based on European models, but must meet American needs.

After three years of trial the foundation is awaiting House debate on renewal of its life for the next two years. The United States now gives less Government support to the arts than any other civilized country in the Western world. In view of the need to restrict spending in every sector, should Congress cut back? It is not without relevance that devaluated Britain, in her hour of greatest financial stringency, has just promised not less, but more, for the arts.

### Seven Million Americans Benefit by Increase in Minimum Wage

#### HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ROYBAL. Mr. Speaker, for the past 30 years, the Federal minimum wage law has been an effective instrument for insuring human decency in America.

Today, the value of this law is especially great as we fight an all-out battle against human disadvantage in the cities, towns and hamlets of our country.

On February 1, 1968, new increases in the Federal minimum became effective. They mark a milestone in the economic history of the United States.

More than 7 million men and women—many of them family breadwinners—will realize pay hikes because of these increases in the Federal minimum wage: 5.9 million persons covered by the law before the 1966 amendments to the Fair Labor Standards Act will now receive at least \$1.60 an hour; and 1.3 million newly covered employees will receive at least \$1.15 an hour.

This means that millions of citizens will be able to share a little better in the abundance of America. It also means that \$2.3 billion will be added this year to personal income.

Neither the beneficiaries of the higher minimum wage nor the rest of our citizens will ever be the same for the welcome change set in motion by the 1966 Fair Labor Standards Act amendments.

I think history will be very kind to the farsighted—and humanitarian—legislators and President who were responsible for these increases in the minimum wage.

### Europe on \$7 a Day

#### HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BOB WILSON. Mr. Speaker, now that the administration has unveiled its plan for taxing foreign travel by Americans as a so-called solution to reducing our balance-of-payments deficit, it behooves us to examine this proposal very carefully. In my opinion, the administration has not made a sufficient case for a travel tax. It is incredible that each time the administration finds itself in a deficit situation, it calls for more taxes. First, we are asked to levy a surtax on income to help reduce our budget deficit. Now, the call is for a travel tax to help stem our dollar outflow abroad. Yet, the administration is doing nothing to attack the more basic causes of the balance-of-payments problem such as reducing our own Government expenditures overseas or limiting our spending programs at home.

At this point, I would like to introduce in the RECORD an editorial from the Wall Street Journal which also points out that one of the serious side effects of the proposed travel tax is that it would clearly interfere with every American's right of free movement:

#### EUROPE ON \$7 A DAY

The striking thing about the Administration's proposed travel tax is that it is intentionally designed to interfere with the liberties of American citizens.

That the tax will inhibit the ability of ordinary Americans to travel to Europe is not merely an unfortunate side effect. The whole purpose of the proposal is to allow the Government, in its ultimate wisdom, to control the movement and spending of its citizens.

It is all very well for the Administration to cloud the coercive intentions of the tax with deductions and other gimmicks. Yet in doing so it paints a curious picture of its own notions of social worth. It allows a \$7 daily allowance free and taxes the next \$8 a day at half the ordinary 30% rate.

The intention, apparently, is to avoid interfering with the dirty shirt set, skylarking students and other minimal spenders. But the modest American who has put aside \$1,000—say, \$200 a year for five years—for the expenses of three weeks in Europe will find he now needs about 15% more, which will prove painful if not prohibitive.

To help enforce these elevated and discriminating notions, the traveler is faced with elaborate methods of repression. Report, justify and post bond before you can be released from the U.S.

It is also very well for the Administration to say the tax will expire in two years if Congress enacts it at all, but that is one we have heard before. Our own morning line has very long odds on this tax passing from the national scene any time before the current Administration does.

Especially so since the Administration is doing nothing to attack the more basic causes of the balance-of-payments problem. It is not in any significant way cutting back on its own overseas commitments, which lie much nearer to the heart of the problem than tourism does. Nor is it pursuing the Governmental austerity at home which is the only internationally proven cure for payments deficits. At the same time it proposes the travel tax it presents a budget with a



deficit, if everything goes well, of some \$8 billion.

The travel tax, then, is merely the latest edition of a weary story. For the mistakes of their governors, the people will pay, not only with their money but with their freedom.

### Cincinnati Air Safety Conference Packs District Court—Participants Agree Large Expenditure Needed

#### HON. ROBERT TAFT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. TAFT. Mr. Speaker, on Sunday, February 4, 1968, Congressman DONALD D. CLANCY and I cosponsored an Air Safety Conference in Cincinnati, with the express purpose of educating the public, their elected officials, and of exposing areas that might require additional congressional study and possible legislation. We were delighted with the large numbers of Cincinnatians who came to the conference to hear from the various government and private air safety experts.

It was obvious that there was little general agreement among participants as to the best method of attacking the problems of air safety, although all agreed that additional further expenditures would be needed. Cincinnati Post & Times Star Reporter Dick Rawe, and Cincinnati Enquirer Reporter Bob Brumfield have written interesting accounts of the conference. Their articles follow:

[From the Cincinnati (Ohio) Post & Times-Star, Feb. 5, 1968]

WHO PAY? EXPERTS DON'T KNOW, BUT AIR SAFETY IS GOING TO BE COSTLY

(By Dick Rawe)

Plane crashes at the Greater Cincinnati Airport weren't supposed to be discussed at the Cincinnati Air Safety Conference, but they came up for discussion anyway, if only indirectly.

Experts from all fields of aviation agreed that billions of dollars must be spent in the future in aviation and much of it for air safety. They didn't agree on who should foot the bill.

Financing of larger, better equipped airports, new instrumentation in planes and better trained personnel in aviation came into each of the 45-minute panel discussions held yesterday during the safety conference at the U.S. Postoffice and Courthouse.

During a discussion on "Airport Construction and Modernization," Capt. John McDonald, a United Airlines pilot who flies out of Detroit said, "I cannot disagree, safety does cost money. But, the lack of taking safety precautions costs more."

He then explained a standard which suggests compaction of soil on paved runway shoulders to a distance one-third the width of the runway. This would mean soil compaction 50 feet wide on either side of a 150-foot wide paved runway.

The cost of "one accident you may have had already because of the lack of this feature would pay for this (compaction) at every airport in the state of Ohio. You spend it in destruction of the airplane, in loss of income from that airplane, in litigation. Why not spend that money for something to prevent accidents?" he said.

He was referring to the Nov. 8 crash in which a TWA Boeing 707 slid off the west end of the east-west runway at the airport.

A Delta Airliner was mired in the mud off the same runway. The co-pilot flying the TWA plane has said he heard a thud as he passed the mired plane and aborted the flight which resulted in the crash.

Capt. McDonald is chairman of the Air Line Pilots Assn.'s enforcement procedures study committee and has been active in accident investigations. He said sliding off runways is one of the worst things facing pilots today. "One major carrier had 11 planes go off runways last year," he said.

George Gary, eastern regional director of the Federal Aviation Agency, was asked if the FAA certified airports. He said the FAA said that it was left up to local governments.

McDonald said that because it does not certify airports the FAA does not require them to have fire fighting equipment. Noting that the Greater Cincinnati Airport has a fire department, he said, "A lot of airports do not even have a bucket of sand and yet air traffic is authorized into those airports." He said most everyone associated with aviation is certified and airports should be, too.

Carl B. Rubin, Cincinnati attorney who moderated the panel, asked Capt. McDonald whether most fatal crashes occur near airports. McDonald said the largest number of fatalities are near airports. "The most hazardous part of the trip is the takeoff and the landing," he said.

Wallace Power, Cincinnati utilities director, said after years of discussion Cincinnati now has a small amount of money for planning a firehouse at Lunken Airport. "All it takes is money," Power said.

Robert Monroe, who represented the Aircraft Owners and Pilots Assn., said incidents of fires are fewer than 150 per year.

Monroe said his organization is opposed to a use charge to help finance improvements at airports. He said people in general aviation, which excludes the military and major airlines, pay their fair share through purchase of goods and services at airports.

Gary said the total investment in airports today is \$5.5 billion, according to FAA records. He said in order to bring airports up to expected FAA standards in the next seven years it would cost another \$5 billion. "The question then is, how would this be paid," he said.

He said there are 10,000 civilian airports, of which 7000 are unpaved and unlighted and only 1200 of the 10,000 have runways 5000 feet long or longer. He said 6300 are privately owned and added, "Unless something is done we are going to lose some fine airports."

The safety conference was sponsored by Reps. Robert Taft Jr. and Donald D. Clancy of Cincinnati, who participated in the first panel, "Public Responsibility," with Rep. Donald E. Lukens (R., Hamilton), and Rep. William E. Minshall (R., Cleveland).

Minshall, who has a private pilot's license, said: "The sky literally used to be the limit, vast and uncluttered." He said we are heading toward a crisis in the air and likened it to highway traffic today if no expressways had been built. Minshall, who is on the House Appropriations Committee, said a move must be made in the future to spend billions on aviation and aviation safety.

During the panel on Air Traffic Control, Byron Hood, chairman of the Ohio Chapter, Air Traffic Control Assn., said the FAA in the past three or four years has been "trying to run the ball team without a bench." He said more air controllers had been hired recently but they need training before they become effective. He also said more equipment is needed.

Capt. Joseph H. Bartling, of the Air Line Pilots Assn., said pilots want an electronic collision avoidance system installed in planes, leaving this phase of air safety up to the pilots. It was explained the electronic system gives pilots on a collision course with another plane positive instructions such as telling one to turn right, the other left.

Capt. Edward J. Burke, chairman of the Air Line Pilots Assn.'s all-weather flying committee, was asked if all-weather flying was here yet. "Yes," he said. "It's still in the experimental stage the same as it was in Gen. Doolittle's time in 1929."

Burke discussed proposed new lower flying minimums. He said some airports had surface detection equipment (radar) which would show the entire surface of the airport, including a man on a bicycle in a fog. "They've just decommissioned it and now is when we need it," he said, and said.

"We've had cases where people drive out on runways in autos, strangers visiting airports. You ask me to take 150 people down that runway?"

A former FAA official said the decision was based on economic factors.

Burke, asked if huge, complex new planes have put too great a stress on pilots, he said yes. Burke, stressing the need for new safety equipment in planes for landings and takeoffs said, "Less money is spent on instruments than on the entertainment factor on aircraft."

In a discussion on noise abatement, it was suggested airports buy more acreage to remove homes from the vicinity of airports where landing and takeoff noise is greatest.

Byron Dickey, general manager of the Greater Cincinnati Airport said the airport used to talk about a total of 3000 acres but now is aiming for 8000 acres by 1970. He said it's a question of whether it is financially feasible.

[From the Cincinnati (Ohio) Enquirer, Feb. 5, 1968]

PANELISTS AGREE \$5 BILLION NEEDED FOR AIR SAFETY

(By Bob Brumfield)

The 1968 Air Safety Conference held in Cincinnati Sunday proved that Ohio's congressmen and a blue ribbon panel of aviation experts are vitally interested in flight safety but don't know where to get \$5 billion.

It also indicated that airline pilots disagree with general aviation pilots, both disagree with air traffic control personnel, everybody is sore with the Federal Aviation Authority and airport managers are caught in the middle.

Fortunately for the cause of air safety, in airing their differences of opinion on just about every facet of flying, the spokesmen for the various associations and agencies represented at Sunday's meeting pointed up the many problems involved and the various options available for solving them.

And according to Reps. Robert Taft Jr. and Donald D. Clancy (R., Cincinnati), cosponsors of the conference, that was the idea of having it in the first place—to inform the public and their elected officials.

Since the meeting featured four congressmen—Rep. Donald E. Lukens (R., Hamilton), Rep. William E. Minshall (R., Cleveland) and Representatives Taft and Clancy, it could have developed into a political show. It didn't.

The legislators spoke briefly at the beginning of the conference, sticking strictly to aviation and flight safety, then turned the meeting over to Cincinnati attorney Carl B. Rubin, who served as chairman for panels on air traffic control, uniform standards for airport certification, airport construction and modernization, flight crew training and all-weather flying and noise abatement procedures.

Panelists included representatives from the Federal Aviation Administration, Air Line Pilots Association, City of Cincinnati, Greater Cincinnati Airport, Flight Safety Foundation, Aircraft Owners and Pilots Association and Air Traffic Control Association.

The basic needs, as revealed by the panelists, are familiar ones—more people to operate more and better equipment at better airports, all paid for by more money.

Maj. Gen. Joseph D. Caldera, USAF (Ret.), president of Flight Safety Foundation, termed the present air traffic control system, which is under the jurisdiction of the FAA, totally inadequate to handle the present and future needs of aviation.

Byron Hood, chairman of the Ohio Area Chapter, Air Traffic Control Association, and control tower operator at Greater Cincinnati Airport, said the big problem in air traffic control is the small number of trained people available. He said the FAA simply hasn't done much hiring in past years, and that now control towers must operate with "no bench."

Hood also said a computer assistance system for airport control radar is needed, and that the FAA has been very remiss in providing such equipment.

Thomas Basnight, director of regulatory matters for the Air Line Pilots Association, disagreed with Hood, arguing that the need is not for more manpower on the ground, but for utilization of space age technology and placing the decision-making function for collision avoidance "in the cockpit" with the pilot.

"Yeah, but we still get blamed for crashes," countered Hood.

Robert Monroe, representing Aircraft Owners and Pilots Association, said a new method for controlling air traffic must be found, but added: When there is such a good economic justification, why use the safety argument?"

He said more people die from therapeutic accidents in doctors' offices than in airplane accidents.

On the subject of airport modernization and construction, Capt. John McDonald called for certification of airports and airport managers by the FAA. He said that some airports do not even require fire fighting equipment, and stated that many airport managers are qualified for the job only in that they are the brothers of the wives of mayors.

Byron Dickey, manager of Greater Cincinnati Airport, replied that he was not the brother of the wife of any mayor, but that he knows that most airports can't modernize properly within the current budget for Congress.

McDonald said air safety does not cost money. "Lack of air safety costs money," he stated.

He cited the cost that one airplane crash imposes on insurance companies and the owners of the aircraft involved, saying that this cost would more than pay for air safety equipment at an airport.

And so the meeting went, through all the various panel topics, always arriving at the same question: Where does the estimated \$5 billion needed for air safety during the next 12 years come from?

If the aviation industry is to have adequate airports, satisfactory noise abatement, improved simulators for training, closer scrutiny and certification by the FAA, sophisticated new control equipment, improved instrumentation for aircraft—in short, air safety—who's going to pay for it?

Nobody at the conference volunteered to pick up the check.

### World Peace Through Law

**HON. EDWARD R. ROYBAL**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. ROYBAL. Mr. Speaker, I would like to take this opportunity to introduce in the CONGRESSIONAL RECORD the text of a most thought-provoking address on

the subject "World Peace Through Law," recently given by Judge Philip M. Newman, of Los Angeles.

In emphasizing the vital importance of equal justice for all as the key to peace, both here at home, as well as throughout the world, Judge Newman stresses the need to continually reexamine our own systems of administration of justice to assure that this worthy goal is, in fact, being achieved.

As a member of the National Advisory Committee for the Federal Office of Economic Opportunity's legal services program, Judge Newman illustrates how this program, with the active support of the American Bar Association and bar associations in many States, including the State bar of California, is making a significant contribution toward realizing the objective of equal justice before the law for every citizen, regardless of financial ability to afford the services of a lawyer.

By demonstrating that the legal services program is in the highest traditions of our system of jurisprudence, Judge Newman outlines briefly the steady progression from the signing of the famous Magna Carta, to the adoption of the U.S. Constitution, to our present nationwide effort to provide each and every citizen the full protection of our laws.

It is this continuing effort to improve the administration of justice in America that will aid the cause of an orderly, lawful and peaceful society in this country, while contributing greatly to our ultimate goal of peace throughout the world.

Judge Newman's address follows:

#### WORLD PEACE THROUGH LAW

(By Judge Philip M. Newman)

A few weeks ago when I was in Washington, where I go four times a year, as a member of the National Advisory Committee of the Legal Services Program, which is part of the War on Poverty, I saw a poster in one of the government offices that I visited. This poster appeared to be a formula and it reminded me of my commitment to address this group. I copied the formula for this purpose.

The formula to which I refer is: Truth, plus justice, plus freedom, plus love, equal peace. This is attributed to the late Pope John.

Eloquent as the formula is, it is my belief that justice is perhaps the greatest of these virtues, and includes the other virtues. It therefore, has to follow that with true justice there is peace.

You have undoubtedly heard the rather trite saying that charity begins at home, but I must add that this is even truer when we speak of justice. Justice that prevails in the local community will be reflected and will prevail in the greater areas of the states, the nation, and the world. Many of the present and past conflicts have had their seeds sown in injustice. This may be social, political or economic injustice.

Justice that is not equal is not justice. We as lawyers and judges, and you as associates of our profession, have to examine and reexamine our own systems of administration of justice in order that we can contribute in our own way towards the goal of equal justice.

As I mentioned in the beginning, I have been connected with the Legal Services Program since my appointment by Sargent Shriver in March of 1966. This program has been misinterpreted and misunderstood. The immediate reaction of the legal profession to the introduction of the program was the cry of "Socialization of the Law." After many of

us spent many hours explaining the nature and extent of the program, the program not only has been endorsed and approved by the conservative American Bar Association, but it has become its strongest backer. At every meeting that I have attended in Washington, the past and present president of the A.B.A. have been present and very active in the furtherance of the program.

The bar associations of many states, including the State Bar of California, have sponsored legal assistance offices, applied for and received grants from the Office of Economic Opportunity and are supervising their operation in many neighborhoods where the poor cannot afford the necessity, nor the luxury, of the services of a lawyer. The program has benefited the legal profession in that it has removed the burden of handling charity cases, and also making the public aware of their rights and channeling clients who do not qualify financially for the free legal services to the practicing attorney through the referral systems of the bar associations. The neighborhood legal offices do not accept cases that "generate" a fee, such as personal injury cases, workmen compensation claims etc. The client that is accepted must be within the minimum standards and guidelines as to income and assets. I consider this contribution by the legal profession very significant towards equal justice and as I said before, towards tranquility.

Let us examine the state of the law, the administration of justice, in the criminal law field. Much has been said and written about the developments in the application of constitutional rights to persons accused of the commission of a crime. The Magna Carta, that famous document that the English people forced King John to approve in 1215, has been called "the cornerstone of English liberty". It marked the beginning of democracy in England. It was the first document that promised certain rights to all free men.

Since 1789 the people in the United States have been guaranteed certain rights by the Constitution. The states have in turn adopted their own constitutions. The right to counsel, the protections against unreasonable search and seizure and self-incrimination, the right to a speedy and public trial, right to reasonable bail have been guaranteed by the "Bill of Rights" which were the first ten amendments which have been in force since 1791.

The observation and preservation of these rights will be conducive to equal justice which in turn will result in tranquility. If the philosophy that originated with the Magna Carta and was furthered by the United States Constitution would prevail in every community it would by necessity spread over the world.

In the Los Angeles area, I can say without fear of contradiction and with pride, we enjoy one of the best systems of administration of justice in the world. This is not just my personal opinion. The Christian Science Monitor recently conducted a national study and survey of the courts of the United States, and it was their conclusion that this County had the most efficient and effective court organization. The poor are furnished legal representation in all stages of criminal proceedings, in felonies and misdemeanors, in accordance with the principles of the Constitution. The accused are promptly arraigned and have a reasonable bail set, and brought to trial in a speedy and public trial. By observing and preserving these rights, the legal profession and the judiciary are making their contribution to an orderly, lawful and peaceful society.

One additional factor which must be emphasized and furthered is respect for law and order. Unfortunately today, there is a disregard for the rights of others and an ignoring of the supremacy of the law. It is true that law should be a means to an end, and not an end in itself, but without respect for



the law, civilization cannot endure. The individual who expresses his dissent and protests unlawfully, the large business concerns who illegally conspire to stifle competition and to establish monopolies, the taxpayer who defrauds his government, the person who sees a victim of a crime and turns away not wanting to get involved, all this contributes to the breakdown of law and order, and must be avoided and eliminated, if we are to make our contribution to world peace through law.

**"Transnational Transactions, Technology and the Law: An Analysis of Current Trends," by Hon. Lawrence C. McQuade, Assistant Secretary for Domestic and International Business, U.S. Department of Commerce**

**HON. JOHN BRADEMAS**

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. BRADEMAS. Mr. Speaker, I believe that many members of Congress, especially lawyers and more especially those interested in our international economic relationships, will find most useful a recent article written by the Honorable Lawrence C. McQuade, the distinguished Assistant Secretary for Domestic and International Business of the U.S. Department of Commerce.

Mr. McQuade's article, which was published in the summer 1967 issue of the *Denver Law Journal*, a publication of the University of Denver College of Law, follows:

**TRANSNATIONAL TRANSACTIONS, TECHNOLOGY AND THE LAW: AN ANALYSIS OF CURRENT TRENDS**

(By Lawrence C. McQuade, Assistant Secretary for Domestic and International Business, U.S. Department of Commerce.)

(NOTE.—Mr. McQuade's article is an elaboration of a speech he delivered at the Western Regional Conference on Transnational Transactions, held at the University of Denver Law Center in April 1967. In it he discusses the impact of technological change on society. He examines four aspects of technology which bear directly on transnational business, and suggests that the need for a legal and institutional framework which will promote more effective transnational use of technology poses a challenge to the lawyer to make full and beneficial use of his creative talents.)

"The discovery of phlogiston is but a first step toward an endless march of scientific progress and social turmoil."

—Axophinius, circa fifth century B.C.

**INTRODUCTION**

The dynamics of the law reflect—sometimes too slowly—the dynamics of society. Nowhere does this idea manifest itself more clearly than in the era of science and technology. The iconoclasm of science at its best puts society on its mettle. American businessmen, at least, accept the challenge with skill and pleasure. They pour forth ingenuity, organization, and energy to move science's by-products into the stream of our economy. In this process of creativity, the law has a responsibility to facilitate these economic and social processes by providing a degree of order within which creativity can prevail over confusion.

Out of technology—that vigorous offspring of science—flows an impulse to change and innovation in commerce and industry. For

the businessman of breadth and imagination, it opens new horizons. For the self-satisfied and the stand-patters, it poses a peril to markets and customers which can no longer be taken for granted. For the lawyer, it calls for adaptation and change at a rate fast enough to foster the new yet moderate enough to preserve a responsible measure of stability and respect for the virtues of values which have endured the tests of experience.

The dynamic tradition of America welcomes the challenge of technology. Four of its aspects bear directly upon transnational business and, hence, upon the lawyer with clients dealing across national lines: (1) the impact on trade; (2) the psychological-political-practical imbroglia it creates between the United States and Europe; (3) the promise it can hold for the economic problems of the less developed world; and (4) the legal and institutional framework needed to foster more effective use of technology transnationally.

**I. INTERNATIONAL TRADE**

First, science and technology keep changing the pattern and relative progress in international trade. The impact of technology on the pattern and progress of international trade has never been stronger than in this new era of astronautics, electronics, and nucleonics.

Obviously this is true in the case of faster and better communications and transport. Containerization, refrigeration, pipelines and other new transport techniques keep altering practicalities, costs, and trade patterns—opening up new opportunities on a worldwide basis for the businessman in inland areas like Denver—and threatening those who fail to keep up with the times.

Science and technology, of course, continually alter the kind and quality of goods and services which enter into international markets. Close to half of the dollar volume of our expanding United States exports, for example, now consists of such "high technology" products as machinery, transport equipment, and chemicals—all made by highly skilled, highly paid American workers. The dynamics of this process have profound effects upon our trade balance and our trade pattern.

For those in and out of Government concerned with the health of the nation's balance of payments, this dynamic has important implications.<sup>1</sup> As a practical matter, the world-wide involvements of the United States mean that we need, over a period of time, a trade surplus on the order of \$5 billion or more in order to pay for recurrent outlays for the national security, overseas travel by our citizens, and the like. But, our balance of trade has met this objective in only two of the last five years. In addition, the United States share of the total value of free world trade has been declining, from 22.5 percent in 1954 to 19 percent in 1966.<sup>2</sup>

Technological innovations and applications support our broad effort to expand our exports and reduce the deficit in our balance of international payments. In 1965, the United States earned an estimated \$650 million from other countries in royalty payments for technical know-how, patents, and other intangible property licensed abroad—about 4½ times the \$144 million we paid others.<sup>3</sup>

Furthermore, technology, by raising productivity and lowering costs per unit of production, helps American industry compete more effectively in world markets. Production efficiency contributes to our high exports of such products as aircraft, computers and pharmaceuticals.

Technology is one of the elements of competitive strength in world markets. But the developer of the technology may or may not win the prizes. Research and development comprise only a part of the innovative process.

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ess. The payoff in trade accrues to those who carry through to the market.

Japan illustrates the point. Japanese industry spends relatively little on basic research.<sup>4</sup> It adapts and builds upon the results of foreign research and development, both through the purchase of technical know-how and through production by foreign-owned subsidiaries. For example, the United States, the original source of transistor technology, sold \$10 million worth of radios in world markets in 1966 but bought \$94 million in transistor radios from Japan alone.<sup>5</sup>

Some people say that when a nation runs a deficit in its technical balance of payments—meaning royalties, licensing fees, and other payments for technical know-how—it suffers both economic and trade disadvantages as against nations with technical payments surpluses. This type of simple analysis is faulty because it overlooks the compensating benefits of resulting import savings and export gains. These are often difficult to quantify but if measured and put into the payments vs. receipts equation the balance of advantage may be found to be with the receiver of the technology rather than the seller.<sup>6</sup>

Japan, with a continuing deficit in its technical balance of payments, is enjoying a rate of economic growth that substantially exceeds that of the United States.<sup>7</sup> The fact that it has succeeded in becoming one of the world's leading trading nations appears to disprove the assumption that a technical payments deficit must be a disadvantageous factor in international commerce. Japan's experience indicates that it is not necessary for a country to spend large sums on basic research in order to succeed in export. It can attain excellent results simply by buying foreign technology—possibly at less expense. Moreover, it demonstrates that follow-up efforts by management are essential to exploit fully the commercial advantages of new scientific and technological developments. For this genius we look to the American businessman to pursue world markets with the same zest and intelligence he displays at home.

**II. POLITICS, TECHNOLOGY TRADE, AND INVESTMENT**

The second issue relevant to transnational business operations raised by technology is political and psychological as well as economic. Resting on the alleged superiority of the United States in matters of science and technology, this political phenomenon is expressed in graphic terms, "Brain Drain" and "Technological Gap."<sup>8</sup> These terms lend emotion rather than clarity to the genuine feeling that the United States somehow has an unfair advantage over others simply because of technological excellence.

Recently a British professor called upon the United States to prohibit American companies from recruiting skilled manpower abroad. The numbers of European researchers, scientists and engineers leaving for greener American pastures are counted with alarm and it is noted that fewer American scientists have gone to Europe to do research. The net loss is regarded as further evidence that the "gap" is getting wider, and "if allowed to continue, jeopardizes Europe's economic future."<sup>9</sup> For example, Amintore Fanfani, Italy's Foreign Minister, has called for a ten-year cooperative plan for technological development to help redress the alleged technological imbalance between American and European industry.<sup>10</sup>

To add to the confusion, there are facts stemming from the size and effectiveness of many new American investments in Europe which are disconcerting to many Europeans. For example, the total sales of General Motors has exceeded the Gross National Product of Belgium.<sup>11</sup> In Germany, Americans own over 40 percent of the petroleum industry. The preeminence of the United States in

computers is but feebly challenged so far by any other country.<sup>12</sup> United States owned or controlled companies produce over one-third of Europe's auto sales,<sup>14</sup> yet our total investment in Western Europe is modest,<sup>15</sup> and we account for only a minor percentage of total business in any single European country. To compound things further, American companies enter into overseas markets with the same vigor they use at home. In some industries, the arrival of energetic, iconoclastic American management techniques into Europe has rudely jolted the comfortable cartels with their "breakfast-table agreements" and old-fashioned, gentlemanly courtesies among competitors.

All of these various ingredients somehow relate to each other. While still a murky phenomenon and related to more than technology, a European attitude of concern toward United States firms and toward the United States exists. Both American businessmen and the American Government need to worry about it. Europeans ascribe the so-called "gap" to the disruption of World War II, the postwar "brain drain," and the advantages accruing to United States technological progress through our large mass market, our extensive resources, and—especially—substantial United States Government support of military and space research and development. They say they cannot maintain their economic growth rate in the future if the "technological gap" continues or widens. The Europeans obviously are concerned, and the issues they raise are of concern to us and warrant our careful study and attention.

As a starting point, the President has charged Dr. Hornig, his Science Advisor, to head a group within the Government to study the real meaning of the so-called "technological gap." Under Secretary of Commerce J. Herbert Hollomon serves on this group. The Organization for Economic Cooperation and Development (OECD) has also started its own study. Out of these efforts should emerge some facts to supplant the histrionics currently in vogue and point the way to answers as to whether there is an across-the-board "technological gap," as the Europeans seem to think, or whether there are various kinds and degrees of technological disparities. The answer certainly does not lie in mere scientific or technological terms.<sup>16</sup>

A test based on spending on research and development—amounting to about 3 percent of our GNP—indicates that United States industry is much more oriented in this direction than its European competitors. While the United Kingdom spends a healthy 2.6 percent of its GNP on research,<sup>17</sup> France is spending barely half this amount and other European countries spend a good deal less.<sup>18</sup> The percentage differences seem less significant, however, if you consider that about half of our research and development expenditures serve military and space purposes, while Europeans spend relatively little in this field.<sup>19</sup> On the measure of expenditures for research and development which are of direct benefit in upgrading the technical level of the industrial sector of the economy, we are probably fairly even with the Europeans. There is, of course, some spin-off from United States military and space research and development as well, but its impact on the economy in this regard is inadvertent and perhaps less than is generally assumed. Moreover, it is a costly way to introduce new technology into industry.<sup>20</sup>

There is no direct correlation between the size of such expenditures and rate of economic growth or trade expansion. Research and development spending obviously cannot explain why many European economies have grown faster than our United States economy in recent years, or why our United States exporters are encountering stiff com-

petition from European businessmen in many world markets. Neither does it explain why the United Kingdom economy, with relatively higher research and development expenditures than other European countries, has advanced less rapidly than its continental colleagues. Europe does not in fact suffer any great dearth of technological innovation and know-how. Some European firms enjoy large foreign currency earnings from the United States and elsewhere for the use of their technological know-how and services.<sup>21</sup> If there is a lag, it lies in the application rather than in the possession of technology.

Such disparities as may exist between European and American industry cannot be properly considered except in the context of other differences between Europe and United States: for example, in (1) amount of capital investment per worker; (2) degree of mechanization; (3) availability of resources; (4) size of business enterprises; (5) productivity; (6) development of mass markets; (7) size of the educational base; and (8) work habits and attitudes.

Industrial management policies and initiative in using know-how as factors in technological progress may well be the crucial factors, as the Japanese example suggests. A speaker from abroad broached this view at the Symposium on Technology and World Trade, held at the National Bureau of Standards last November. He said:

"To my mind there is a gap, but I'm not certain that the reason the gap is there is to be found in the technological field. I believe that the fundamental reason for the gap is more a question of mentality and attitude. . . .

"Science and technology are and have been present in Europe many years. What we would like is the attitude necessary for the creation of more big industries with leaders who know how to make use of science and technology."<sup>22</sup>

It is reasonable to assume that our current studies will uncover some "technological gaps"—some of which may be in favor of Europe—but I doubt that we will find many, if any, which can be defined as strictly "technological." My guess is that the basic difficulties may be outside the area of technology.

As to remedies, some people have advanced the idea that our Government might engage in a give-away program of technology. This, of course, is out of the question. It neglects to take account of the private ownership of most United States industrial technology and fails to come to grips with what probably is one of the basic problems: the limitations on effectively and economically transplanting United States technology outside the United States market and resource context. Except for the results of government-financed research and development, private enterprise owns and controls United States technology. It is often protected by patents but just as often it is unpatented know-how, developed and perfected by its owners. The Government could not give it away.

On the other hand, we have long cooperated with the European nations in many fields of activity, including the sharing of technology: (1) in the OECD; (2) in the exchange of scientific and technical information through NATO; (3) in close cooperation about atomic energy through the European Atomic Energy Commission (EURATOM); (4) in the European Nuclear Energy Agency; (5) in the European Space Research Organization; and (6) in the European Launcher Development Organization. We share peaceful scientific data and technological know-how with other nations, including the European countries, through the United Nations and its specialized organizations, and through many other international groups.

Furthermore, much government-financed

research and development in military, space, atomic energy, and other fields has been made accessible to anyone in the United States or abroad. Unless the information is specifically related to our national security or has been developed by industrial contractors on their own, it can be purchased at nominal cost from the Commerce Department's Clearing House for Federal Scientific and Technical Information. The Clearing House was set up expressly to make government research and development results available as widely as possible.

However, even a technology-sharing program cannot really solve Europe's problems if it turns out to be basically non-technological. If entrepreneurial, capitalization, or other difficulties are involved, only the European nations themselves may be able to take corrective action. There are clear signs that the real nature of the problem is understood by many Europeans, but their efforts tend to be overlooked in the vain hunt for facile solutions.<sup>23</sup> It is a question of practicality—not of willingness or unwillingness to cooperate. Our most useful contribution in this instance may be to help identify the real disparities and their fundamental causes, so that it will be possible to determine what kind of action is most appropriate.

### III. GROWTH OF LESS DEVELOPED COUNTRIES

The third major transnational business aspect of science and technology is its impact upon the economic growth prospects of the less developed countries.<sup>24</sup> It is quickly apparent that the greatest "gap" in technology and its dimensions is that between the industrialized countries of the world on the one hand and the less developed countries on the other. One of our national policy objectives is to contribute to the economic growth of these developing nations. As President Johnson has repeatedly emphasized, we want to help these countries help themselves. One way to do this is to help them achieve the technological progress they want and need to advance their economic development, living standards, and international trade. Sturdy, self-reliant, progressing states contribute to greater stability and security in the world. Their progress serves our own and other nations' best interests. It expands the opportunities for mutually profitable trade and investment.

What can be done to raise the level of technology in the less developed countries? As an early objective, create an economic environment conducive to innovation. This means change—and change can be painful. As of today, the kind and amount of technology that can effectively be put to work vary from country to country, industry to industry, even product to product. The needs, objectives, and development stage of each nation must be taken into account.

For example, a licensing agreement has been signed in Mexico for float glass production which will give Mexico a factory that is far more modern than some glass plants we have in the United States. The float process for making glass is a capital-intensive, high-technology technique that might be completely unsuited to the needs, skills, and resources of some other countries. Many developing countries could benefit much more from technological investment in agriculture. Indeed, the miracle of progress in American agriculture outstrips our success in industry. This is the forthcoming frontier in the less developed countries, which are rapidly becoming more, rather than less, dependent on non-domestic food supplies. Latin America, Africa, and Asia exported a net annual average of 5 million tons of grain in 1934-1938. Today they import some 78 million tons a year.

For some less developed countries, the purchase of technological know-how—through patent royalty and licensing arrangements, joint ventures, and capital investment by the business firms of other countries—might be

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the easiest, quickest, and least expensive way to obtain the desired results. Others may simply want to buy the products of foreign technology. Absolute technological equality is not essential. From the standpoint of trade expansion, it is not even beneficial. If every country were as advanced in computer technology as the United States, for example, there would be little trade in computers. Technological inequality in the sense of differing fields of specialization actually stimulates trade.

What is essential is the opportunity to obtain and develop technology. The less developed countries say the technology they desperately need exists in the world, but it is too often available to them at a cost and on terms they cannot meet. The technology they want is owned largely by private companies, so the opportunities for government action by the United States and other industrialized free-enterprise countries are necessarily limited.

#### A. Private investment in less developed countries

There is a wide array of ways by which the United States encourages American private investment in the less developed countries. In addition to the AID program, the Commerce Department sends out trade missions to develop business and investment opportunities for American industry, circulates trade and investment leads to American businessmen, and provides many other business services that contribute to the transfer of American technology to less developed countries. There may be possibilities for additional action. Last year the National Export Expansion Council, which advises the Secretary of Commerce on international business policies and programs, formed an Action Committee to come up with suggestions. Recently the proposals of this Action Committee on U.S. Trade and Investment in Developing Countries were approved by the NEEC and made public.<sup>25</sup>

The Committee suggested, among other things, that (1) United States firms should step up the level and quality of their trade and investment efforts in the less developed countries. Since 70 percent of the world's total population lives in less developed areas, the Committee considers it short-sighted to give them marginal attention. (2) The less developed countries themselves should make new and objective reviews of the unique contributions of capital, technology, and skills which business firms from the United States and other industrialized countries can make to their development objectives. In the light of these reviews, their governments should then seek to develop programs which will act to minimize barriers and maximize incentives to potential foreign private investment.<sup>26</sup>

#### B. International assistance to less developed countries

Of all the things the less developed countries can do to improve their investment climate, one of the most important is to provide basic legal protection for industrial property rights.<sup>27</sup> To this end, the United International Bureau for the Protection of Intellectual Property (BIRPI) has developed a Model Law for Developing Countries on Inventions.<sup>28</sup> Any less developed country can adopt or adapt this model law. There are options on controversial questions, so each country can frame the law to fit its own needs. BIRPI has also prepared a model trademark law, which will soon be published. Especially adapted to the needs of countries with basically non-industrialized economies, the model covers trademarks, trade names and unfair competition.<sup>29</sup>

Another new international effort to help the less developed countries is being made through the United Nations Industrial Development Organization (UNIDO), estab-

lished by the U.N. General Assembly last December to replace the U.N. Center for Industrial Development. UNIDO is an action group. Under its Special Industrial Services Program, it sends trained consultants out to less developed countries requesting assistance on specific problems, such as plant management and quality control. The U.N. has provided such technical assistance in the agricultural and health fields for many years. Now it is extending its effort into the industrial area.

UNIDO is also organizing an international symposium on industrial development which will be the first international meeting of governments to concentrate on the problems and prospects of industrial development. The three-week symposium, open to all U.N. member nations, will be held in Athens, starting November 29, 1967. In March 1968, in New Delhi, another U.N. meeting, the second United Nations Conference on Trade and Development (UNCTAD), will focus on the problems of the less developed countries in expanding their exports and obtaining technological know-how.<sup>30</sup>

#### IV. A LAWYER'S MENU: PATENTS, TRADEMARKS, STANDARDS

A fourth issue is how to enact laws and build institutions which will maximize the benefits which science and technology—to a great extent through business—can make available to people. Here is where many of the lawyer's skills come into play.<sup>31</sup>

##### A. Patents

Variations in patent law and practice from country to country often result in duplication of efforts, uncertainties, and unnecessary expenses which impede, if not discourage patent protection, thereby delaying the transfer of technology from one nation to another.<sup>32</sup>

The Convention of Paris for the Protection of Industrial Property (Paris Union),<sup>33</sup> of which the United States has been a member since 1887, sets forth the basic rights of patent applicants in the member states, regardless of an applicant's country of origin. But in today's world trade it is not practical to continue to operate on the principle of territoriality which necessitates separate applications in each country in order to obtain adequate protection of those rights.

The United States is participating with other nations and with BIRPI,<sup>34</sup> the Secretariat for the Paris Union, in expanding international patent cooperation to make it easier to obtain inadequate patent protection in both domestic and foreign markets. For example, active steps are being taken to develop a patent cooperation treaty to provide for a single international filing which could be utilized in lieu of the multiple, duplicate, foreign national filings now required. In addition, the United States Patent Office is engaged in a series of search exchange programs with a number of other countries. Patent Office experts are also studying the international classification system, to see how it and the United States system might be harmonized. Other programs, developed to assist the United States Patent Office, and American attorneys and businessmen, could also benefit their counterparts in other countries. Present activity in the field of documentation, which includes plans for improved accessibility of published technological data, is one example of such programs.

In order to provide a suitable basis in our domestic patent law for this program of expanded international patent cooperation, and to modernize the United States patent system, President Johnson has proposed a general revision of the patent laws. The Patent Reform Act of 1967,<sup>35</sup> transmitted by the President to the Congress on February 21, 1967, would bring about the first major revision of these laws in more than 130 years.

The proposals are based upon the Report of the President's Commission on the Patent System.<sup>36</sup> The Commission was appointed by

the President in 1965 to study ways "to ensure that the patent system will be more effective in serving the public interest. . . ." <sup>37</sup> Ten leading citizens representing the business, scientific and academic communities and the bar served on the Commission together with representatives of the Secretary of Commerce, the Secretary of Defense, the Administrator of the Small Business Administration, and the Director of the National Science Foundation. The Report of the Commission testifies eloquently to the fruitfulness of interaction between informed businessmen, the bar, and members of other disciplines. Based on the practical experience of their companies, the business members were able to delineate lines of approach in the interest of simplification and improvement of industrial property rights protection which heretofore did not always coincide with the preferences and traditions which mold the patent lawyer's opinion on these issues.

Acting Under Secretary of Commerce Hollomon, urging enactment of the patent proposals, pointed out that basic revision of the system was essential "for it to serve effectively to stimulate the development and public disclosure of new technology and to provide incentives rather than barriers, to international trade."<sup>38</sup>

##### B. Trademarks

In the trademark field, we are exploring the possibility of developing a sound and workable international program that will provide better protection than is now available. We must have adequate protection for United States trademarks. They are valuable export assets.<sup>39</sup>

The most important aspect of the problem is the number of jurisdictions in which a proposed mark must be searched, cleared, and filed. Separate actions in more than 150 different jurisdictions are required for American companies to extend protection of a brand name to the rest of the world.<sup>40</sup> An international filing procedure, commonly called the Madrid Arrangement, was established in 1896 under the Madrid Agreement for International Registration of Trademarks, but the United States is not a member of this treaty. The filing system is still operating successfully for 21 countries, principally European, but a United States trademark owner can obtain registration under the system only if he has a bona fide industrial or commercial establishment—branch or subsidiary—in a member country.<sup>41</sup>

##### C. Standards

The American businessman who has been kept out of a foreign market because his product—quality and performance notwithstanding—does not meet foreign standards is well aware that standards can be a crucial factor in international trade. Various groups, including the Panel on Engineering and Commodity Standards of the Commerce Technical Advisory Board (the LaQue Committee),<sup>42</sup> have suggested that the role of the United States in international standardization should be strengthened. Unlike the other industrialized countries, the United States is not represented officially by government delegates in international standardization organizations. This means that we cannot effectively encourage the international adoption of standards which would be more harmonious with American technological and industrial practices. Legislation has been proposed to improve this situation. An international standardization bill pending in Congress would provide grants to qualified standardization organizations for participation in the international standards process and for information activities.<sup>43</sup>

##### D. Institutions

Free trade arrangements and common markets provide another important possible step toward faster use of technology to raise economic levels. The European Economic

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Community and European Free Trade Area in Europe have opened up wider markets, as we hope the proposed Latin American Common Market will do in Latin America. Such markets provide a non-technical but very important boost to technically based agriculture or industry. Within these markets, much can be done by legal reform to make conditions suitable for innovation to succeed.<sup>44</sup> Attorneys in private practice and lawyers of the EEC Commission staff are coping with antitrust problems as the European Common Market moves ahead toward unification of national laws.<sup>45</sup> Common Market lawyers are also working toward a Community-wide corporation law,<sup>46</sup> a common patent law and a common trademark law.<sup>47</sup> This year work is being started to harmonize taxes under a common system of tax on the value added at each stage of manufacture.<sup>48</sup>

On December 17, 1966, the U.N. General Assembly acted unanimously to establish a United Nations Commission on International Trade Law to unify and harmonize divergent national laws in this important field. The Commission will hold its first session in 1968. Since it will be working in fields affecting both national law and trade practices, its activities merit close attention by the corporate bar and lawyers generally.<sup>49</sup>

## CONCLUSION

Changes through the world are vastly enlarging the dimensions of international law—and the role of the international lawyer. The scientific and business ingenuity of the United States has helped us achieve our pre-eminent position in world trade. We need these export earnings to help pay for our broad international responsibilities. Differences in industrial effectiveness between the United States and Western Europe merit thoughtful analysis so we can better understand some of the resulting political and economic implications. Much greater effort needs to be spent toward bringing the benefits of science to bear upon the economic needs of the less developed countries. The legal profession has much to contribute toward building the laws and the institutions within which science and industry can raise productivity and better serve our own people and the transnational world in which we live. Never before has the international lawyer had a more challenging opportunity to make full and beneficial use of his creative talents.<sup>50</sup>

## FOOTNOTES

<sup>1</sup> In 1966, United States export performance was particularly strong in products incorporating advanced engineering features, such as computers, heating and cooling equipment and pumps. Shipments of these items rose from 20% to 30% over the previous year. The increases might have been even larger had not military requirements and civilian demand in the United States market reduced export capabilities. *Exports Set Rapid Pace But Trade Surplus Shrinks*, INT'L COM., Feb. 20, 1967, at 50.

<sup>2</sup> The balance of payments dimension is outlined in McQuade, *Corporate Voluntary Balance of Payments Program and the Lawyer*, in *PRIVATE INVESTORS ABROAD—STRUCTURES AND SAFEGUARDS* 205 (V. Cameron ed. 1966).

<sup>3</sup> *Hearings Before the Subcomm. on Antitrust and Monopoly*, 89th Cong., 2d Sess., pt. 1, at 59.

<sup>4</sup> See Travaglini, *Licensing U.S. Know-How Abroad Is Increasing*, INT'L COM., July 25, 1966, at 2; reprinted in U.S. DEPT. OF COMMERCE, *FOREIGN BUSINESS PRACTICES* at 26 (Apr. 1967).

<sup>5</sup> \$10.6 million in 1964, which represents 1.7% of national income. See The Japan Development Bank, *Facts and Figures on the Japanese Economy*, 1966, at 167.

<sup>6</sup> U.S. BUREAU OF THE CENSUS, *U.S. IMPORTS OF MERCHANDISE FOR CONSUMPTION*, REP. FT 125, at 159 (Dec. 1966); (U.S. EXPORTS, REP. FT 410, at 398-99 (Dec. 1966)).

<sup>7</sup> The Secretary-General of the United Nations has initiated a study of the role and impact of international licensing arrangements in the establishment and development of selected industries in various countries. *Financing of Economic Development: Promotion of Private Foreign Investment in Developing Countries—Summary and Conclusions*, U.N. Doc. E/4293 (1967).

<sup>8</sup> The percentage increase per year in real Gross National Product for 1960-1965 was 4.7 percent for the United States and 9.7 percent for Japan. For comparative data on other countries, see Table 29 in COUNCIL OF ECONOMIC ADVISORS ANN. REP., *accompanying ECONOMIC REPORT OF THE PRESIDENT*, at 171 (1967).

<sup>9</sup> A bibliography could be compiled on these two terms alone. ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, *THE RESEARCH AND DEVELOPMENT EFFORT IN WESTERN EUROPE, NORTH AMERICA AND THE SOVIET UNION* (1965), provides an objective evaluation of the pros and cons of technological disparities. (Summarized in *Research and Development: A Major Atlantic Issue*, EUROPEAN COMMUNITY, Mar. 1966, at 8.) For a good round-up of the relevant issues see Guccione, *That U.S.-European Technology Gap: It Stems from Deep European Roots*, CHEMICAL ENGINEERING, May 8, 1967, at 90; *Technology Gap Upsets Europe*, N.Y. TIMES, Mar. 12, 1967, at 1, cols. 2 and 4.

<sup>10</sup> U.S.-Europe Gap in Science and Technology Widening, EUROPEAN COMMUNITY, Nov. 1966, at 10, 11.

<sup>11</sup> N.Y. TIMES, Oct. 8, 1966, at 12, col. 5.

<sup>12</sup> According to STANDARD AND POOR'S STANDARD CORPORATION DESCRIPTIONS 8657 (1966), General Motors' 1965 sales exceeded \$20 billion. The GNP of Belgium was \$16.7 billion. INT'L FINANCIAL STATISTICS, Mar. 1967, at 54.

<sup>13</sup> The computer industry has been watched closely as a sign that "European countries risk being squeezed out of the science-based industries." *The Wilson Community*, 222 THE ECONOMIST 197 (Jan. 21, 1967). *The Economist* comments: "It is not surprising that American corporations have virtually taken over the computer industries of Germany, France and Italy, and nearly knocked out the British industry too in 1964." *Id.* However, the explosion in the technological application of computerization is probably unique. For a summary of the development and technical extension of the electronic computer see U.S. DEPT. OF LABOR, BULL. NO. 1474, *TECHNOLOGICAL TRENDS IN MAJOR AMERICAN INDUSTRIES* 3 (1966).

<sup>14</sup> Based on statistics from Automobile Manufacturers Association, Inc., Statistical Dept., *World Motor Vehicle Data 1965*, Nov. 1966, at 22-64.

<sup>15</sup> The total direct long-term private investment was \$13.9 billion in 1965. See Pizer & Cutler, *Foreign Investments, 1965-66*, SURVEY OF CURRENT BUS., Sept. 1966, at 30.

<sup>16</sup> Guccione sums it up in the following terms:

"In essence, it is small markets, small companies, relatively little availability of risk capital, old-fashioned management practices, resistance to change on the part of both producers and consumers, basic weaknesses in educational systems when it comes to science and technology, and debilitating anti-trust and fiscal policies that are the reasons for an unhappy European state of affairs. The technology gap is merely a symptom of it."

Guccione, *supra* note 9, at 92.

<sup>17</sup> In 1964-65 Britain spent \$756.6 million (\$2,118.5 million) or 2.6 percent of the GNP on research and development. COUNCIL FOR SCIENTIFIC POLICY, *REPORT ON SCIENCE POLICY*, CMND. NO. 3007, HMSO (1966).

<sup>18</sup> For detailed consideration of comparative expenditures for research and development, see Quinn, *Technological Competition: Europe vs. U.S.*, HARV. BUS. REV., July-Aug. 1966, at 113.

<sup>19</sup> The McGraw-Hill survey of 1966 research and development expenditures revealed that federal financing accounted for 54 percent or \$8.4 billion of the industry total. More than half the research and development is concentrated in two industries: aerospace, and electrical machinery and communications. Washington Post, May 12, 1967, at D8, cols. 4-5. See also ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT, *THE RESEARCH AND DEVELOPMENT EFFORT IN WESTERN EUROPE, NORTH AMERICA AND THE SOVIET UNION*, ch. IV.

<sup>20</sup> Sixteen percent of companies surveyed by McGraw-Hill answered yes and 84 percent no when asked if they had been able to take advantage of new technology resulting from federally financed research and development. Washington Post, May 12, 1967, at D8, col. 5.

<sup>21</sup> Impressive testimony to this effect will be found in advertisements which Imperial Chemical Industries, of the United Kingdom, has been running in the British press. ICI says: "We do a brisk trade in brainwaves—the ideas thought up by our backroom boys. Last year these earned us \$37,000 a day. That's what other people paid us for our manufacturing know-how and the rights to make our products—and they paid most of it in foreign currencies." 72 NEW STATESMAN 311 (Sept. 2, 1966).

<sup>22</sup> Robert Major, Director of the Royal Norwegian Council for Scientific and Industrial Research, quoted in NAT'L BUREAU OF STANDARDS, MISC. PUB. NO. 284, *TECHNOLOGY AND WORLD TRADE: PROCEEDINGS OF A SYMPOSIUM* 107-08 (1967).

<sup>23</sup> A realistic diagnosis of the ailment and a prescription for its cure will be found in France, "Technology Gap" Demands "Hard Choices" of Europe, EUROPEAN COMMUNITY, Mar. 1967, at 18. Defense Secretary McNamara has cited education as a handicap to European economic growth, pointing out that 40% of the United States college-age population is attending college, as against 10% in the U.K., 15% in France, and 7% in Germany and Italy. Address by Secretary McNamara, Millsaps College Convocation, Jackson, Mississippi, Feb. 24, 1967, reported in 33 VITAL SPEECHES 357 (1967).

<sup>24</sup> See generally *The Encouragement and Protection of Investment in Developing Countries*, 11 INTERNATIONAL AND COMPARATIVE LAW QUARTERLY [INT'L & COMP. L.Q.] SUPP. PUB. NO. 3 (1962).

<sup>25</sup> Contained in Report of the Action Comm. of the Nat'l Export Expansion Council, Trade and Investment in Developing Countries, Apr. 3, 1967.

<sup>26</sup> New studies of the nature of technological change, and of the transfer process are appearing rapidly. The U.N. Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas produced a valuable series of papers on the subject from technical specialists, planners and policy-makers. The United States papers for the Conference have been published (U.S. Government Printing Office 1963). On the methodology of technological change, see M. Boretsky, *Comparative Progress in Technology, Productivity, and Economic Efficiency: U.S.S.R. vs. U.S.A.*, in *NEW DIRECTIONS IN THE SOVIET ECONOMY*, studies prepared for the JOINT ECONOMIC COMM., 89th Cong., 2d Sess. (1966).

<sup>27</sup> The Role of Patents in the Transfer of Technology to Developing Countries, U.N. Doc. E/3861/Rev. 1 (1964).

<sup>28</sup> UNITED INTERNATIONAL BUREAUX FOR THE PROTECTION OF INTELLECTUAL PROPERTY, BIRPI PUB. NO. 801(E), *MODEL LAW FOR DEVELOPING COUNTRIES ON INVENTIONS* (1965).

<sup>29</sup> See Offner, *Draft Model Law for Developing Countries on Marks, Trade Names, Indications of Source, and Unfair Competition—An Appraisal*, 56 THE TRADEMARK REP. 831 (Nov. 1966).



<sup>30</sup> A general statement on the problems and some possible solutions in this area is presented in the U.N. report preparatory to the first UNCTAD Conference, Towards a New Trade Policy for Development, U.N. Doc. E/CONF./46/3 (1964).

<sup>31</sup> For a study of the innovative process and the legal and other circumstances which foster invention and innovation, see DEPT. OF COMMERCE, TECHNOLOGICAL INNOVATION: ITS ENVIRONMENT AND MANAGEMENT (1967) (referred to as the "Charpie Report" after the name of Robert A. Charpie, Chairman of the Panel, an advisory committee of private citizens reporting to the Secretary of Commerce).

<sup>32</sup> The importance of patent policy in overall corporate planning is described in Shipman, *International Patent Planning*, HARV. BUS. REV., Mar.-Apr. 1967, at 56.

<sup>33</sup> Convention for the Protection of Industrial Property, Mar. 20, 1883, 25 Stat. 1372 (1887-1889), T.S. No. 379; revised at Lisbon, Oct. 31, 1958 [1962] 1 U.S.T. 1, T.I.A.S. No. 4931.

<sup>34</sup> Bureaux Internationaux Reunis pour la Protection de la Propriete Intellectuelle, Geneva, Switzerland, the administering body of several industrial property and copyright conventions.

<sup>35</sup> S. 1042, H.R. 5924, H.R. 6043, 90th Cong., 1st Sess. (1967).

<sup>36</sup> PRESIDENT'S COMM'N ON THE PATENT SYSTEM REPORT, TO PROMOTE THE PROGRESS OF . . . USEFUL ARTS IN AN AGE OF EXPLODING TECHNOLOGY (1966). See O'Brien, *An Appraisal of the Report of the President's Commission on the Patent System*, 49 J. OF THE PATENT OFFICE SOC'Y 139 (1967), which includes the text of the legislation proposed and a sectional analysis.

<sup>37</sup> Exec. Order No. 11,215, 3 C.F.R. 123-25 (Supp. 1965).

<sup>38</sup> Statement of J. Herbert Hollomon, Acting Under Secretary of Commerce, Hearings on H.R. 5924 before Subcomm. No. 3, House Comm. on the Judiciary, 90th Cong., 1st Sess. (1967).

<sup>39</sup> See E. OFFNER, INTERNATIONAL TRADEMARK PROTECTION (1965); Lightman, *Trademarks as "Silent Salesman,"* INT'L COW., Oct. 28, 1963, at 2.

<sup>40</sup> See St. Landau, *The Handling of Trademarks Abroad by United States Companies*, 56 THE TRADEMARK REP. 207 (Apr. 1966).

<sup>41</sup> Consideration is being given to United States adherence. The positions for and against adherence are propounded in 56 THE TRADEMARK REP. No. 5 (May 1966). (See especially Allen, *A Report on the Madrid Agreement*, at 290, for a discussion of the advantages of adherence to American industry, the effect on domestic trademark practice, and cost implications; and Ladas, *The Madrid Agreement for the International Registration of Trademarks and the United States*, at 346, for a position against adherence.)

<sup>42</sup> The major recommendation of the industry group was to establish a new federally chartered institute to coordinate voluntary standardization activities in the United States. The report of the panel ("The LaQue Report") is available from the Clearinghouse for Federal Scientific and Technical Information, U.S. Dep't of Commerce, Springfield, Virginia 22151 (Rep. Nos. PB 166811 and PB 166812).

<sup>43</sup> S. 997, 90th Cong., 1st Sess. (1967).

<sup>44</sup> Among other innovations, the Central American states, for example, have entered into a treaty permitting "integration industries" and making valuable privileges available to companies operating in the area. *Convenio sobre el Regimen de Industrias Centroamericanas de Integración*, signed by Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, June 10, 1958; Protocol, Jan. 29, 1963; INSTITUTO INTERAMERICANO DE ESTUDIOS JURIDICOS INTERNACIONALES, INSTRUMENTOS RELATIVOS A LA INTEGRACION ECONOMICA EN AMERICA LATINA 57 (1964).

<sup>45</sup> See Gaudet, *The Common Market and the Law*, INFORMATION SERVICE OF THE EUROPEAN COMMUNITIES, COMMUNITY TOPICS No. 4 (reprinted from ANNALES DE DROIT ET DE SCIENCES POLITIQUES, Tome XVI, No. 2, Brussels, 1961; Grisoli, *The Impact of the European Economic Community on the Movement of the Unification of Law*, 26 LAW & CONTEMP. PROB. 418 (1961).

<sup>46</sup> INTERNATIONAL LAW ASSOCIATION, REPORT OF THE 45TH CONFERENCE at 43 (1952); Conard, *Corporate Fusion in the Common Market*, 14 AM. J. COMP. L. 573 (1965-1966); Thompson, *The Project for a Commercial Company of European Type*, 10 INT'L & COMP. L.Q. 851 (1961); Legal Disparities Obstruct Intra-Community Mergers, EUROPEAN COMMUNITY, June 1966, at 6; Filiger Multinational Public Enterprises, International Bank for Reconstruction and Development, June 1967.

Continental European literature on this subject is extensive. E.g., EUROPEAN ECONOMIC COMMUNITY, SUPP. BULL. No. 9/10-1966, MEMORANDUM BY THE COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY ON THE ESTABLISHMENT OF EUROPEAN COMPANIES; WANG, *Die EUROPAISCHE AKTIENGESSELLSCHAFT IN DER E.W.G.* (1964); Dorat des Monts, *Vers un droit europeen des societes commerciales*, 39 JURIS CLASSEUR PERIODIQUE, LA SEMAINE JURISDIQUE I-1896 (Mar. 3, 1965); Fikentscher & Grossfeld, *The Proposed Directive on Company Law*, 2 COMMON MARKET L. REV. 259 (1964); Lecourt & Chevallier, *Comment progresse le rapprochement des legislations europeenes?*, RECUEIL DALLOZ-CHRONIQUE 24 (June 30, 1965); Patry, *La Societe Anonyme de Type Europeen*, ETUDES DE DROIT COMMERCIAL EN L'HONNEUR DE PAUL CARR 29 (1964); Rault, *Pour la creation d'une societe commerciale de type europeen*, 13 REVUE TRIMESTRIELLE DE DROIT COMMERCIAL 741 (1960); Sanders, *Vers une Societe Anonyme Europeenne?* REVISTA DELLE SOCIETA 1163 (1959); Thibierge, *Le Statut Des Societes Etrangères, Le Statut De L'Etranger Et Le Marche Commun*, 57TH CONGRESS OF FRENCH NOTARIES, TOURS (1959); Vasseur, *A Company of European Type*, 1964 JOURNAL OF BUSINESS LAW 358 and 1965 *id.*, 73; Vasseur, *Quelques Arguments pour une Societe de Type Europeen*, 83 REVUE DES SOCIETES 18 (1965); Willemets, *Une Societe de Type Europeen*, 21 REVUE DU MARCHE COMMUN 38 (1960).

<sup>47</sup> A summary analysis of the proposed European Patent Law is set out in 45 J. OF THE PATENT OFFICE SOC'Y No. 3 (Mar. 1963). See also *Restrictive Practices, Patents, Trade Marks and Unfair Competition in the Common Market*, 11 INT'L & COMP. L.Q., SUPP. PUB. No. 4, at 153 (1962).

<sup>48</sup> Community Draws Nearer to Economic Unity: EEC "Value Added" Tax System, First Medium-Term Economic Program Approved, EUROPEAN COMMUNITY, Mar. 1967, at 30.

<sup>49</sup> Stravropoulos, *The United Nations Commission on International Trade Law*, 4 U.N. Monthly Chronicle 89 (No. 4, 1967).

<sup>50</sup> Cf. Graupner, *Some Recent Aspects of the Recognition and Enforcement of Foreign Judgments in Western Europe*, 12 INT'L & COMP. L.Q. (1963); Nadelmann, *Assumption of Bankruptcy Jurisdiction Over Non-Residents*, 41 TUL. L. REV. 75 (1966); and Stein, *Assimilation of National Laws as a Function of European Integration*, 58 AM. J. INT'L L. 1 (1964). The subject-matter of the foregoing articles illustrates some of the problems and challenges. Widening U.S. participation in unification-of-law activities, resulting from U.S. membership (since 1963) in the Hague Conference on Private International Law and the International (Rome) Institute for the Unification of Private Law, is a major development which will have growing significance to businessmen and lawyers concerned with international private law and practices. For materials on the range of problems see the symposium, *Unification of Law*, 30 LAW & CONTEMP. PROB. 231 (1965).

## Discrimination Against Taxpayers

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. RARICK. Mr. Speaker, the inescapable conclusion that our present tax program gives \$800 per year to keep illegitimate children but allows only \$600 per legitimate child as a tax deduction is but one of the inequities of our great centralized government.

I recently introduced H.R. 14676 to contribute in the battle against poverty by assisting poor taxpayers through an increase in the tax deduction per dependent from \$600 to \$1,200 per year.

Editor G. Norman David of the Denham Springs, La., News recently offered several additional arguments to overcome the lopsided discrimination against parents and taxpayers.

Mr. Speaker, I include the clipping from the Denham Springs News and H.R. 14676 following my remarks:

### DISCRIMINATION AGAINST TAXPAYERS

(By G. Norman David)

I was shown the following discourse in . . . of all things . . . the Virginia Journal of Education.

They said they got it from the North Carolina Education magazine, who, in turn, didn't know where it originated . . .

But, read it . . . and see if you don't think it touches on some real good questions:

"Hey, Uncle, how much does it cost to rear a child?

"You allow us taxpaying parents only \$600 a year to feed, clothe, house and train a youngster. In your Federal Job Corps you spent \$7,000 a year! This is quite a difference!

"Now, which is the correct figure? Either we're allowing too much or you're not allowing us enough.

"You allow taxpaying parents a \$600 deduction for the care and feeding of each child.

"Yet under the Cuban refugee program you assume minimum upkeep requires \$1,200 a year—and if the Cuban boy or girl is attending school—an extra \$1,000 a year.

"How come you shortchange the home folks?

"In the austere environs of a Federal prison you have discovered that it costs—to maintain one person, with no frills, no luxuries, and no borrowing Dad's car—\$2,300 a year.

"By what rule of thumb do you estimate that Mom and Dad can do it for one-fourth that amount?

"Under Social Security you will pay \$168 a month to maintain the elderly. What makes you think we can maintain our young'uns on \$50 a month?

"And, Uncle, your VISTA program (Volunteers in Service to America) spent \$3.1 million last year to train only 202 trainees. That indicates that the cost of maintaining and training one youth for one year is more than \$15,000.

"Then how come we taxpaying parents get an exemption of only \$600 to maintain and train one youth for the year?

"Or let's see how much you spent upkeeping one youngster in military uniform. House, \$55.10 a month. Food, \$30.27 a month. Clothing upkeep, \$4.20 a month. That comes to \$1,074.84 a year. Are they not cheaper by the dozen?

"How in the world do you expect parents to provide all these things, plus clothes, recreation, books, medicine—for \$600 a year? With your figures, you admit it can't be done.

"Is it possible, Uncle, that you expect us parents to manage more efficiently than you, because we usually do.

"With all our expenses, we American individuals have more than enough savings to offset our debts; you don't.

"With all our prosperity, you Uncle, are still spending per year \$2.9 billion more for relief than during the depths of the depression. So it may be that you are uncommonly extravagant.

"But however we try to rationalize and explain you, it is still a hurtful affront when you allow us hard working dues-paying home folks only \$600 a year to rear a legitimate child—while you, under ADC, will pay more than \$800 a year to upkeep an illegitimate one. There's something rotten here—and we're not in Denmark!"

H.R. 14676

A bill to amend the Internal Revenue Code of 1954 to increase from \$600 to \$1,200 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemptions for a dependent, and the additional exemptions for old age and blindness)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the following provisions of the Internal Revenue Code of 1954 are amended by striking out "\$600" wherever appearing therein and inserting in lieu thereof "\$1,200":

(1) Section 151 (relating to allowance of deductions for personal exemptions);

(2) Section 642(b) (relating to allowance of deductions for estates);

(3) Section 6012(a) (relating to persons required to make returns of income); and

(4) Section 6013(b) (3) (A) (relating to assessment and collection in the case of certain returns of husband and wife).

(b) The following provisions of such Code are amended by striking out "\$1,200" wherever appearing therein and inserting in lieu thereof "\$2,400":

(1) Section 6012(a) (1) (relating to persons required to make returns of income); and

(2) Section 6013(b) (3) (A) (relating to assessment and collection in the case of certain returns of husband and wife).

Sec. 2. (a) Section 3(b) of the Internal Revenue Code of 1954 (relating to optional tax if adjusted gross income is less than \$5,000, in the case of taxable years beginning after December 31, 1964) is amended—

(1) by striking out "After December 31, 1964" in the heading and inserting in lieu thereof "In 1965, 1966, and 1967";

(2) by inserting "and before January 1, 1968," after "beginning after December 31, 1964,"; and

(3) by striking out "After December 31, 1964" each place it appears in the tables and inserting in lieu thereof "In 1965, 1966, and 1967".

(b) Section 3 of such Code is further amended by adding at the end thereof the following new subsection:

"(c) TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1967.—In lieu of the tax imposed by section 1, there is hereby imposed for each taxable year beginning after December 31, 1967, on the taxable income of every individual whose adjusted gross income for such year is less than \$5,000 and who has elected for such year to pay the tax imposed by this section, a tax determined under tables which shall be prescribed by the Secretary or his delegate. The tables prescribed under this subsection shall correspond in form to the tables in subsection (b) and shall provide for amounts of tax in the various adjusted gross income brackets approximately equal to the amounts which would be determined under section 1 if the taxable income were computed by taking the standard deduction."

(c) Section 4(a) of such Code (relating to number of exemptions) is amended by striking out "the tables in section 3" and inserting in lieu thereof "the tables in section 3 (a) and 3(b) and the tables prescribed under section 3(c)".

(d) Paragraphs (2) and (3) of section 4(c) of such Code (relating to husband or wife filing separate return) are amended to read as follows:

"(2) Except as otherwise provided in this subsection in the case of a husband or wife filing a separate return, the tax imposed by section 3 shall be—

"(A) for taxable years beginning in 1964, the lesser of the tax shown in Table IV or Table V of section 3(a),

"(B) for taxable years beginning in 1965, 1966, or 1967 the lesser of the tax shown in Table IV or Table V of section 3(b), and

"(C) for taxable years beginning after December 31, 1967, the lesser of the taxes shown in the corresponding tables prescribed under section 3(c).

"(3) Table V of section 3(a), Table V of section 3(b), and the corresponding table prescribed under section 3(c) shall not apply in the case of a husband or wife filing a separate return if the tax of the other spouse is determined with regard to the 10-percent standard deduction; except that an individual described in section 141(d) (2) may elect (under regulations prescribed by the Secretary or his delegate) to pay the tax shown in Table V of section 3(a), Table V of section 3(b), or the corresponding table prescribed under section 3(c) in lieu of that tax shown in Table IV of section 3(a), Table IV of section 3(b), or the corresponding table prescribed under section 3(c), as the case may be. For purposes of this title, an election made under the preceding sentence shall be treated as an election made under section 141(d) (2)."

(3) Section 4(f) (4) of such Code (cross references) is amended by striking out "and Table V in section 3(b)" and inserting in lieu thereof "Table V in section 3(b), and the corresponding table prescribed under section 3(c)".

(f) The last sentence of section 6014(a) of such Code (relating to election by taxpayer) is amended to read as follows: "In the case of a married individual filing a separate return and electing the benefits of this subsection, Table V of section 3(a), Table V of section 3(b), and the corresponding table prescribed under section 3(c) shall not apply."

Sec. 3. (a) Section 3402(b) (1) of the Internal Revenue Code of 1954 (relating to percentage method of withholding income tax at source) is amended by striking out the table and inserting in lieu thereof the following:

"PERCENTAGE METHOD WITHHOLDING TABLE

| "Payroll period                                      | Amount of one withholding exemption |
|------------------------------------------------------|-------------------------------------|
| Weekly.....                                          | \$25.00                             |
| Biweekly.....                                        | 50.00                               |
| Semi-monthly.....                                    | 54.17                               |
| Monthly.....                                         | 108.33                              |
| Quarterly.....                                       | 325.00                              |
| Semi-annual.....                                     | 650.00                              |
| Annual.....                                          | 1,300.00                            |
| Daily or miscellaneous (per day of such period)..... | 5.55"                               |

(b) So much of paragraph (1) of section 3402(c) of such Code (relating to wage bracket withholding) as precedes the first table in such paragraph is amended to read as follows:

"(1) (A) At the election of the employer with respect to any employee, the employer shall deduct and withhold upon the wages paid to such employee after December 31, 1967, a tax determined in accordance with tables prescribed by the Secretary or his

delegate, which shall be in lieu of the tax required to be deducted and withheld under subsection (a). The tables prescribed under this subparagraph shall correspond in form to the wage bracket withholding tables in subparagraph (B) and shall provide for amounts of tax in the various wage brackets approximately equal to the amounts which would be determined if the deductions were made under subsection (a).

"(B) At the election of the employer with respect to any employee, the employer shall deduct and withhold upon the wages paid to such employee before January 1, 1968, a tax determined in accordance with the following tables, which shall be in lieu of the tax required to be deducted and withheld under subsection (a):"

(c) Section 3402(m) (1) of such Code (relating to withholding allowances based on itemized deductions) is amended by striking out "\$700" and inserting in lieu thereof "\$1,300".

Sec. 4. The amendments made by the first two sections of this Act shall apply only with respect to taxable years beginning after December 31, 1967. The amendments made by section 3 of this Act shall apply only with respect to remuneration paid on and after the first day of the first calendar month which begins more than ten days after the date of the enactment of this Act.

## Something for Everybody Politics

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. FINDLEY. Mr. Speaker, as required by law, the President has submitted his annual budget to the Congress for authorization and subsequent appropriation of funds. The \$186.1 billion in total budget outlays is viewed by the President as a "barebones budget." He maintained that this is a "sensible budget," that we have great responsibilities, that we have the capacity to meet those responsibilities, and that "the question before us is whether or not our will and determination match that capacity."

The \$186.1 billion administration budget represents an increase of \$10.4 billion from the current fiscal year. The administration contends that "almost all of this increase is accounted for by raising outlays for defense and for relatively fixed charges under present laws." In other words, they have tried to create the impression that the budget is austere, and that the rising tide of expenditures is inevitable because of the war and rising interests rates.

What the administration tries to say is, that the steadily mounting expenditure levels are inevitable. This is an election year, and the war in Vietnam provides a convenient excuse for not taking decisive action in striking a blow for fiscal responsibility.

In October 1966, the noted columnist, David S. Broder, wrote an article which clearly illustrates the fact that the President's budgets are finely honed and well calculated to build political support for his administration. Mr. Broder has attached to the President's budgetary strategy the label "something for everybody" politics. In his article he quotes Samuel Lubell as saying:



The instrument that Johnson wielded with truly revolutionary political impact was the federal budget. No previous budget had ever been so contrived to "do something" for every major economic interest in the Nation.

That observation is more pertinent today, when we are faced with the highest level of expenditures in the United States, than at any other time. The hard choice which we must face today is between political popularity on the one hand and fiscal and political responsibility on the other. The easiest course of action would be for the Congress to "sit on its hands and bask in shortrun popularity as our Nation's economy founders upon the rocks and shatters. The choice is clear and it is difficult.

Will we continue the "something for everybody" politics? Or will we live up to the trust which has been placed upon us by the American people?

Mr. Speaker, I am pleased to call to our colleagues' attention this important article by David Broder and hope that we will act with great urgency to restore our Nation to its usual position of economic strength:

[From the Atlantic Monthly magazine, October 1966]

#### CONSENSUS POLITICS: END OF AN EXPERIMENT (By David S. Broder)

The conversation was in the tiny anteroom just off the formal Oval Office. It is a place where Lyndon B. Johnson likes to relax with a cool drink for an hour or two during his long working day. It was Friday evening, August 21, 1964, the Friday before the opening of the Democratic convention which would demonstrate to all the world that this remarkable man, twice frustrated in Democratic conventions, now controlled the Democratic Party, lock, stock, and pork barrel. Lyndon Johnson had become the Democratic President by the acts of two other men—John F. Kennedy and Lee Harvey Oswald—but in this next week he would put the indelible stamp of his personality on that party in everything from the choice of the vice presidential nominee to the decorations in Atlantic City's Convention Hall.

Now, on the eve of what he knew would be his triumph, he was indulging his favorite sport of reading his public opinion polls to two callers. He rattled off his percentages from this state and that, and then remarked on what seemed to him the most significant finding of them all.

"You see," he said, jabbing his finger at one page of the bulky report on a Midwestern state, "right here's the reason I'm going to win this thing so big. You ask a voter who classifies himself as a liberal what he thinks I am, and he says 'a liberal.' You ask a voter who calls himself a conservative what I am, and he says 'a conservative.' You ask a voter who calls himself a middle-roader, and that's what he calls me. They all think I'm on their side."

Mr. Johnson fashioned his campaign for the presidency on that premise and won the most sweeping popular-vote victory in American history. Before and after that election, he tried to make the Democratic Party a home for all those voters who thought Lyndon Johnson was "on their side," and in so doing, he markedly changed the character of that party.

Today the polls make far less pleasant reading for the President. The consensus he sought is crumbling visibly. His party is in serious difficulty in the major states, and a breach appears to be opening between the President and his Vice President on one side, and younger Democrats who identify them-

selves with the cause of the Kennedys on the other.

None of this is news, of course, but the rudimentary facts must be set down as a preliminary to the examination of cause and effect. I hope to outline in the next few pages a theory—and admittedly, it is no more than a theory—of what might be called the rise, the flourishing, and the decline of Lyndon Johnson's "consensus politics."

The hardest thing for a journalist to do is to recognize a genuinely unique occurrence. So many events are just variants in the familiar pattern that we tend to seek out resemblances and ignore what is original. The Johnson era in Democratic politics is, I believe, unique. Let us begin with a simple but little-noted fact. Lyndon Johnson is the first President in our lifetime and longer who comes from a one-party state. The pressures of nominating-convention politics normally operate to produce presidential candidates from the swing states with big blocs of electoral votes, where the two-party competition is most fierce—men like Dewey and Roosevelt of New York, Stevenson of Illinois, Nixon of California, and Kennedy of Massachusetts.

Lyndon Johnson is the product of a very different kind of politics. While Texas has voted occasionally for a Republican presidential candidate and currently has one Republican senator, the affairs of the state, in both Austin and Washington, have been managed throughout Lyndon Johnson's lifetime almost exclusively by and through the Democratic Party. The real power struggles in Texas politics have been resolved, not between the parties, but within the Democratic Party—and for thirty years Lyndon Johnson has had an ever increasing role in resolving them.

I believe that the President's "consensus politics" is rooted in his Texas experience. In Texas, the Democratic Party for years has included most of the major elements found in the national Democratic Party: labor, the Negro and Mexican-American minorities, farmers, small-business men, and the less prosperous portions of the middle class.

But in addition to all these groups, the Texas Democratic Party has also included and effectively represented big-business men, oil and gas men, banking and insurance men, the educated, the wealthy, and the well-born—the groups that in two-party states provide the money and manpower for the Republican Party. In fact, the Texas Democratic Party includes many who are in everything but their nominal allegiance Republicans.

I well remember my shock when, as an outsider, in the spring of 1960 I attended the state Democratic convention in Austin which endorsed Lyndon Johnson as favorite-son candidate for President. The members of the Dallas County delegation were openly wearing Nixon buttons on their lapels, but so flexible was the definition of a Democrat in Texas, even a Democratic convention delegate, that no one challenged their right to be there. Four years later, when Mr. Johnson was finally on the ballot for President, many of those old Nixon-Democrats worked for him and helped him carry Dallas.

It is no exaggeration to say that Representative and Senator Johnson and his colleagues in the Texas Democratic Party for many years suppressed the emergence of a Republican Party there by taking in and giving service and satisfaction to the business groups and others who normally would have financed and supported the Republican Party.

Thus, when that same Lyndon Johnson as President of the United States said he viewed the Democratic Party as "a great big tent," big enough to hold Henry Ford II and Walter Reuther, Martin Luther King and Orval Faubus, John Connally and William Fitts Ryan, he was simply applying on the national

scale a technique that had kept the Democrats in control of Texas for generations.

#### SOMETHING FOR EVERYBODY

The Johnsonian technique involves more than just the standard political wisdom of staying in the middle of the road. What makes it unique is its willful effort to expand personal and party support to the point where the opposition is left with nothing to organize except fringe-group sentiments. When the opposition obliges as nicely as the Republicans did in 1964, the technique can be dazzlingly successful.

The Model-T-for-Texas Democratic Party that emerged with a landslide majority from the 1964 election was a different creature from what it had been up until that time. Not all the differences were understood by the Democratic officeholders, officials, and workers who cheered Lyndon Johnson's inaugural. Nor was there any reason why any of them except the Texans should have been able to guess what the consequences would be. For it was that rare thing—something new in politics.

With the experience of almost three years of Johnsonian politics now behind us, we can see at least five distinguishing characteristics of his leadership techniques and their effects on the Democratic Party. First, his consensus politics is based on support from diverse elements of the electorate. To hold this wide variety of support, the President as party leader must provide some sort of incentive or reward to each of the major groups in his assembly.

Thus, Mr. Johnson was required last January, even in a time of rising defense expenditures, to lay before Congress a broad-front program of domestic proposals: from civil rights, to improvement of cities, to health and education measures, to repeal of right-to-work laws, to reform of election and campaign spending regulations. Not all these programs, by any stretch of the imagination, were of vital importance to him at the moment, but each of them had significance, at least as a symbol, to one or more of the groups that supported him. As Samuel Lubell wrote, "The instrument that Johnson wielded with truly revolutionary political impact was the federal budget. No previous budget had ever been so contrived to 'do something' for every major economic interest in the nation—medicare for pensioners, tax rebates for business, loosened production controls and a subsidy boost for farmers, antipoverty grants for Appalachia and for Negro slums, educational aids for a generally school-conscious public." The President had so many irons in the fire, one Democratic congressman remarked, "he damn near put the fire out." Such prodigality is necessary, for a consensus President cannot concentrate on one goal at a time without seeing his coalition split.

A second characteristic of Johnson-style politics is that it depends for its success largely on the skill, negotiating ability, and maneuvering of the President. Only the top man is in touch with all the diverse elements of his coalition. Only he knows how strong the civil rights bill must be to keep Martin Luther King pacified, whether the auto manufacturers will or will not put on all their pressure to kill reimposition of the excise taxes, whether George Meany will really cut off funds to Democratic candidates if 14(b) is not repealed. "This is," a veteran politician told the Associated Press's Saul Pett, "the most personalized presidency in our history."

#### COURTING THE LEADERS

A third characteristic, closely related, is that in consensus politics the President's relationships with "group leaders" are more crucial than his relationship to the general public. The tip-off to Johnson-style politics came in the parade of personages through his White House office in the first shattering days after the assassination—foreign rulers

first; then the rulers of the various domestic domains, the congressional satraps, the governors, the labor leaders, the top businessmen, the civil rights spokesmen, and, not least, the clergymen. Everyone with an identifiable constituency was drawn in to support the President in those first few critical weeks—and none of them has knowingly been cast out since.

Several, of course, have left of their own volition, some because they disagreed with the President's policies, others for more personal reasons. Mr. Johnson tends to be demanding of those who profess unquestioned loyalty but is accommodating to those who show signs of resistance. The turnover in his personal staff has been high. The rate of attrition in personal friendships among old and intimate political allies like Senator Mike Mansfield and Governor John Connally has been equally severe. But it is significant that neither of these men, nor any of the labor, business, or minority group leaders who have shown an inclination to wander off the LBJ ranch from time to time, has been allowed to stray far away. Mr. Johnson's politics do not permit him to indulge in the luxury of letting personal feuds imperil vital political alliances.

His reaction is always to reach out for the enemy and bring him back into camp. In the midst of the 1964 campaign, Mr. Johnson went straight from a partisan rally in downtown Indianapolis to a private luncheon with the city's archconservative publisher, Eugene Pulliam, a close personal friend of Barry Goldwater's. (He called on him again when starting his 1966 political forays in Indianapolis.) The President will do political business with anyone, and partly as a result of that fact, he commands deep-felt attachment from few.

Here we come to a crucial difference—crucial in its implications for the Democratic Party—between the Johnson leadership and that of a Roosevelt or a Kennedy, who based their power on their personal popularity with millions of individual voters. Their leadership necessarily involved the alienation, from themselves and their party, of millions of others. Some historians have suggested that Roosevelt practiced a form of consensus politics in his first term and even later, when he included Republicans in his wartime Cabinet. But, like Kennedy (who was automatically alienated by religion and the civil rights issue from millions of voters), he revealed in the opposition of businessmen and freely invoked the rhetoric of party loyalty. Both men were loved for the enemies they made. Mr. Johnson is not. The enthusiasm he stirs in the public at large is negligible.

He would not, as Roosevelt did, think that he could appeal to the mine workers over the head of John L. Lewis. In this summer's frustrating airline strike, his appeals were always to the Machinists' Union officials, not the rank and file. His technique is to court the leaders—George Meany, Martin Luther King, the members of the Business Council, and, not least, Everett Dirksen—and count on them to keep their constituents in line. In Texas they had a saying, "Lyndon Johnson doesn't have an organization; he uses everybody else's." It recognized the history of his ever shifting alliances within the state, but more profoundly, it reflected the fundamental nature of his leadership—that Mr. Johnson does not deal with The Public; he deals with a great many little publics, and he deals with them through their leaders.

That is why, even though he advocates and enacts programs of far-reaching social consequences, this President is fundamentally, like almost every other Texas politician, an Establishment man. He recognizes as legitimate other men's claims to power in the area they control. He seeks solutions to problems that will permit them to prepare their power base as he preserves his. He is protective of their status and interests, and they in turn tend to protect him.

#### NO PARTISANSHIP

The fourth general characteristic of consensus politics stems directly from the basic Johnsonian technique we have been describing. His politics automatically minimizes the degree of partisanship that is permitted and reduces the role of the party organization in government. Partisanship, like race prejudice or class warfare, is the enemy of consensus. The decimation of the Democratic Party structure—the abolition of the centralized voter-registration effort that was the keystone of the Kennedy campaign, the 50 percent cutback in manpower at the Democratic National Committee, the collapse of communications between Washington and state party chairman—all these things have been described by critics as an expression of the antagonism to party organization that has been growing for eighteen years in Mr. Johnson, ever since he ended the first phase of his political career as a loyal Roosevelt agent within the Democratic Party.

The man who fought the Democratic National Committee openly in Paul Butler's day has told its current proprietors, "I'm damned if I can see why one guy and a couple of secretaries can't run that thing." Under him, the national party is beginning to resemble the Texas party, where the formal structure of state and county chairman exists only on paper.

In Texas, the governor runs the state convention, just as Mr. Johnson ran the 1964 national convention. Officeholders and candidates build their own personal organizations. Sometimes they use them to help each other and sometimes to war on each other. When a party campaign must be organized in a presidential year, the work is done by lawyer-lobbyists, men on loan from the big companies and union business agents. That is the way Lyndon Johnson staffed the key spots in his national presidential campaign. These part-time lawyer-lobbyists are his substitute-in-readiness for the party organization which the Kennedys had begun to build and he has methodically torn down.

But all this, I believe reflects something more fundamental than the "Texanization" of the party structure. A party organization, in textbook terms, functions on vertical lines to unite the purpose and power of the President and his national committee with those of Democratic governors and their state committees and local Democratic officeholders and their committees. But consensus politics operates on horizontal lines, with the President reaching out, across party barriers, for other leaders, who in turn bring along their followers to his cause. Thus, it is almost inevitable that a consensus President from a one-party state would ignore the party organization.

#### NEGOTIATION BUT NO DEBATE

Fifth and finally, consensus politics emphasizes decisionmaking by private negotiation, not public debate. Debate only arouses strong feelings and tends to lock people into antagonistic positions. Consensus politics tries to minimize such feelings and encourages everyone to maneuver his group into position for a compromise. The President's favorite plea "Come, let us reason together" does not mean "Let us gather in our schools, our legislative halls, or even around our television sets and hear our wisest men debate the issue, that we may arrive at a reasoned judgment." Rather, it translates, "Come, let us act like the practical men we are, sit down around the table, shut the doors, and work this thing out on a basis we can all live with."

There are hundreds of Washington anecdotes, from his days as Senate leader right up to his latest devices for avoiding press conferences, which illustrate Mr. Johnson's inherent antagonism to public debate as a positive function of democratic decision-making. My own favorite story concerns the phone call he made to Senator J. W. Fulbright two years ago, after Fulbright had de-

livered his celebrated speech on "old myths and new realities."

This was long before their serious split on Dominican and Vietnam policy and at a point where Fulbright's purpose was nothing more or less than to reopen the basic assumptions of American foreign policy to critical public examination. As the senator tells it Mr. Johnson's remarks were in the vein of "Bill, old pal, you know my door is always open to you. There's no need for you to go soundin' off on the Senate floor if you've got some little old thing that's troublin' you. You just trot on down here, and we'll see if we can't take care of it for you."

Abhorrence of public debate has its necessary concomitant in the effort to enforce strict secrecy and to keep the press out of the way during the decision-making or negotiating stages of policy formation. The technique is a useful, almost necessary device for a consensus President. But, as with Fulbright, it involves serious risks of alienating not only those who disagree with the final decisions but also those who disapprove of the methods by which they are reached.

Simply to describe such a system is to indicate how far it diverges from the sort of presidential leadership and party leadership we have known in the past. Indeed, it is so alien to the concepts and patterns of modern American politics that it seems remarkable in retrospect that President Johnson could make it work at all, let alone flourish as brilliantly as it did from his accession in 1963 through the end of the 1965 congressional session. I know of no other explanation for its success than the genius of the man for this peculiar style of politics—and "genius" is, I believe, the proper word.

Entering office in a time of national shock and grief, he refused to permit the nation to be paralyzed by its emotions, but instead harnessed them for a great forward thrust in the field of social legislation and civil rights. In the 1964 campaign, if he did not generate mass adulation, he concocted a substitute for it, blending fear-of-Goldwater with his own superenergized appearance as circus barker-cum-preacher-cum-politician-cum-handshaker-cum-haranguer, that registered as strongly at the polls as if it had been a genuine ground swell of affection. In 1965, he whipped through the Congress the greatest mass of social legislation in thirty years, so great that it all but destroyed a generation of theoreticians' strictures about the inability of Congress to keep pace with the country's needs.

#### THE SQUEEZE IS ON

The President has come a cropper, it now appears, on Vietnam. The rising cost of that war, in human terms and in treasure, is forcing the consensus President to do that which is most difficult and politically dangerous for him and his party: to assign priorities and choose between goals. In his salad days of 1964 and 1965, President Johnson managed almost literally to keep everybody happy. So long as profits stayed high, what did businessmen care if he squandered, as they put it, \$2 billion in a war on poverty? If income taxes were being reduced for the young father, what did he care if the President simultaneously was boosting benefits and adding Medicare for the elderly?

But now the squeeze is clearly on. All year long the Administration has been walking the tightrope on a tax increase or a Reserve call-up, either of which would signal an end to domestic business as usual. In avoiding them, it has resorted to economic policies that have brought both tight money and inflation. Politically, the once happy allies of the Great Society consensus are chewing on each other. Labor is angry over the failure to repeal 14(b); the farmers are blaming Freeman for allegedly trying to slow the rise in food prices; the South is sore at the school desegregation "guidelines"; and even



the freshman Democrats elected on Mr. Johnson's coattails are chafing visibly at the rubber-stamp label.

As Alan L. Otten pointed out in the *Wall Street Journal*, the stance Mr. Johnson was forced to take in Congress this year was difficult to defend. He told Congress first "that it cannot cut any of his proposals a penny, because every cent is urgently needed to overcome long-accumulated and burdensome national deficiencies, but, second, that it cannot add a penny to what he has asked because that would aggravate inflationary pressures."

Mr. Otten noted, "This does not sit well with Congress. Many Senators and Representatives feel the President cannot reasonably expect to have it both ways. . . . Many have turned Mr. Johnson's two-edged argument to suit their own purposes, rather than his. If filling unmet needs is as important as the Chief Executive says, most lawmakers can't see why they shouldn't take care of a few of their own constituents' needs along with the President's. . . . Alternatively, if inflation is as ominous as the President portrays it when attacking increases in his budget, many Congressmen would be glad to help combat this dire threat by spiking a few of the innovations he's proposed."

The slippage of control must be galling to Mr. Johnson, especially when added to the frustration he frequently expresses at the obduracy of the other side in the Vietnam war. The President's whole political technique is geared to resolving issues, not letting them drag on. But here are those damned Communists, and neither bombings nor diplomatic blandishments will bring them to the conference table where men can "reason together."

While Vietnam is the source of the President's miseries and the Democrats' political problems, I am inclined to believe that if consensus politics had not foundered there, it would have been impaled on some other foreign crisis. The flaw in the system is that in this world no man's antennae, not even Lyndon Johnson's, are sensitive enough to warn him away from all the places where collisions can occur. An exceptionally smart politician can play the angles and maintain the delicate balance of forces inside Texas. He may even, for a time, under fortuitous circumstances, keep his equilibrium amid the shifting currents of the American economy and national politics. But the world will not hold still for the Johnson treatment.

Philip L. Geyelin points out in his excellent book, *Lyndon B. Johnson and the World*, that an essential ingredient of his success as a Senate leader, and in domestic politics, was his "sense of timing that told him the moment was not propitious." But, Mr. Geyelin correctly notes, no President, not even this one, can set the timetable for other nations or command international decisions to wait "until he has his ducks in a row." In the Dominican crisis and others, Mr. Johnson was forced to act hastily and saw spur-of-the-moment decisions turn sour.

A second factor noted by Mr. Geyelin is Mr. Johnson's lack of intimate knowledge of the players and methods of international politics. "The trouble with foreigners," he quotes him as saying in a wonderfully Johnsonian remark, "is that they're not like the folks you were reared with." Finally, by deepest instinct, Mr. Johnson is a mediator of conflict, a reactor to other men's initiatives. But the United States is not the middleman in world affairs; it is the most powerful nation and must take actions that other countries may find objectionable. This consensus President, some of his former advisers have said, lacks the confidence in his own instincts on foreign affairs to play the role assigned to him by the circumstances of history.

#### THE BIGGEST PROBLEM OF ALL

Be that as it may, Vietnam has shattered the consensus which the President labored

to achieve. The consequences for his party and, indeed, the future of our politics are likely to be substantial.

More serious than the war itself, in political terms, is the spreading doubt about the President's capacity to end it on terms acceptable to the American people. If our view of Mr. Johnson is correct, if he is a political leader whose power rests not on widespread popular affection but on his capacity to solve the problems that threaten to disrupt the society, then his failure to resolve the prolonged conflict in Vietnam is certainly costly. What kind of problem-solver is it who cannot solve the biggest problem of them all?

The aura of omniscience and omnipotence so carefully cultivated during the 1964 campaign, the "Let Old Lyndon Take Care of Your Needs" psychology, once damaged will be hard to restore.

In visible ways, the Johnsonian system of consensus politics is coming unstuck. Debate, which he sought to stifle, is raging in the Senate, in the universities, and in the political campaign. The Republicans he sought to disperse or co-opt are regaining their identity and their sense of direction. Business leaders, civil rights leaders, labor leaders, and farm leaders, finding him preoccupied with the one great unsolved problem of Vietnam, are seeking independently to make their own political arrangements.

Younger Democrats, resentful of what they take to be his insistence on rigid support for his policy in Vietnam, are forsaking his leadership. Their disaffection is heightened by his habit, essential to his operations as a consensus President, of dealing with the politics of Congress and the fifty states on the seniority principle, favoring men of his own generation over the ambitious youngsters on their way up. The 1966 campaign among Democrats has turned out to be much more of an every-man-for-himself struggle for survival than the ratification of the Great Society President Johnson had in mind.

How all this will end no one can know. But it seems to me unlikely that consensus politics will prove to be more than a passing phenomenon.

There is a change in generations coming in American politics, more likely in 1972 than in 1968, but coming certainly. The struggle that is emerging is a battle for the allegiance of the intellectuals and the young between the Kennedys and their allies in the Democratic Party, on the one hand, and the bright new faces of the Republican Party—the Evanses, the Chafees, the Hatfields, and their like—on the other. The President barely speaks the language of this new generation. His methods of politics are not likely to be carried over into their era of ascendancy.

But even before these men in their forties have their turn, the politics of consensus will probably go into decline. Presuming that Mr. Johnson is willing and able to run again in 1968, he would clearly be the favorite. But never again, I daresay, even if he serves a second full term, will his rule be as unchallenged as it was in his first two years in office.

Should he give way in 1968, it would probably be to one of four men in their fifties—Hubert Humphrey, George Romney, Richard Nixon, or Ronald Reagan. All of them, it might be noted, come from the normal presidential breeding ground of competitive two-party states, and none of them seem remotely capable of adopting the peculiar Johnsonian style of consensus politics.

At some future date, we may conceivably have a President who is a super-Johnson—with the background and skill for manipulating the entire spectrum of domestic interests, plus the personality to attract genuine mass support, plus a sure touch in foreign affairs. Such a combination sounds more like a messiah than a President, however, and I for one do not expect to see him.

Meantime, even at this short remove, I find myself marveling at the unique and short-

lived political artistry of Lyndon Johnson's 1963-1965 experiment in consensus politics. Look back on it in wonder; we shall not see its like again. Even the Democrats now realize that, like it or not, two-party politics is returning. For my taste, it will not be a moment too soon.

#### Address by Richard M. Nixon

#### HON. JAMES G. FULTON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. FULTON of Pennsylvania. Mr. Speaker, I include the following address by Richard M. Nixon before the 72d Congress of American Industry of the National Association of Manufacturers on December 8, 1967:

#### ADDRESS BY RICHARD M. NIXON

As we meet here this evening, the word "war" has only one meaning for us—Vietnam.

Certainly Vietnam is on our minds—and rightly so. We owe support to our brave fighting men. We must understand the true stake in the struggle—not merely the fate of a small, remote country, not even the future of freedom in Asia, but above all the possibility that by halting aggression now in a limited war, we may avoid the risk of a catastrophic world war during this last third of the twentieth century.

Vietnam is not the only battleground on which America is being tested. Our forces and commitments circle the globe, holding ground for the cause of freedom. None of these testing places—not in Europe, not in Latin America, not in Asia—is of more vital importance than the ground we are standing on.

The ultimate testing-place of America is America itself. All of our power and prestige and ability to keep the promises that keep the peace—everything we stand for and dream of—rest in the end on the unity and strength of America. If we are divided, if we default on the promises we have made to ourselves, the foundation on which we are attempting to build a better future will crumble.

I believe this foundation is in grave danger. If we do not see clearly and act quickly, recognizing the war-in-the-making within our society, it will not matter what happens in Vietnam and elsewhere.

Consider what is happening. Even as American troops attempt to pacify hamlets in Vietnam, special Army teams are now touring scores of our cities, making contingency plans for their pacification next summer.

When Harlem erupted, and then Watts, the nation reacted with a shock born of surprise. But now we expect the terrible drama to be repeated, and we train and deploy troops as if girding for war. I use the word "war" advisedly. A riot is a spontaneous outburst. A war is subject to advance planning.

Year by year, the violence in our cities takes on more of the aspects of guerrilla war—and the rhetoric of its prophets escalates accordingly. In Detroit last summer, spontaneous rioting provided cover for organized sniping and arson. Now the revolutionaries are boasting that their war plans for next summer's riots include strikes at public utilities, at urban expressways, and at other nerve centers of our complex and vulnerable society.

These men, educated and articulate, are guerrilla leaders in the classic pattern. The violent few do not speak for the Negroes but they are speaking to them every day, planting the seeds of their hatred. Not for a century, not since the Civil War, has our nation

been so divided, our citizens so apprehensive toward one another.

Are we two nations, black and white, confronting each other at opposite poles, separated by irreconcilable issues and poised for irrepressible conflict? There can be only one answer—we are not. We are, and must ever remain, one nation and one people.

In the bleak winter of 1862, Abraham Lincoln said in a message to Congress, "The dogmas of the quiet past are inadequate to the stormy present. For our case is new, so we must think anew and act anew."

Difficult and tragic as was Lincoln's war, the conflict we confront at home today is equally tragic and more complex. Then, the side which had the most men and the most weapons was eventually bound to prevail. Today, while adequate police forces are part of the answer to the short-range problems, the long-range problems will not yield to superior force alone.

We must think anew and act anew. The place to begin is to put racial violence in its proper perspective.

We must speak with a new candor.

Under the illusion of the government's unlimited power to remake society, extravagant promises have been made to the Negro. He has been encouraged to believe that his historic injustices would be righted, his burdens lifted, and the obstacles to his progress removed—immediately. Worse than not keeping a promise is making a promise that cannot be kept. Much of the bitterness of the Negro slum dweller is the result of these false promises.

The rule of law itself is under attack. We find growing acceptance of a doctrine wholly inconsistent with a free society—the doctrine that when a cause is considered just, any action, legal or illegal, is justified to promote the cause. Protests for peace, for civil rights, for education, whether in our cities or on our university campuses, increasingly boil over into violence and lawlessness.

Dissent is a necessary instrument for change and progress. But the greatness of America is that our governmental institutions provide the machinery for peaceful protest and peaceful change. In a nation which provides for progress through the rule of law, there is no cause which justifies resort to violence or lawlessness.

No one has a greater stake in preserving the rule of law than the Negroes in our great cities.

The urban Negro is the chief victim of urban violence. And if the trend toward racial guerrilla war runs unchecked to its tragic conclusion, the law-abiding Negro—the great, quiet majority—will feel most cruelly and unfairly the weight of repression.

We need to think anew and act anew. Ten years ago the first Civil Rights Act in a hundred years was signed into law by President Eisenhower. Since that time we have had a period of revolution in the field of civil rights legislation—and it has been a needed revolution. In housing, jobs, education, voting, public accommodations, barriers that stood for a hundred years have fallen.

But, after this decade of opening doors, we need a decade of preparing people to walk through these doors.

After a decade of revolution, we need a decade of reconciliation.

We must think anew and act anew.

We must cease to speak of the new crisis with the old vocabulary. The question today is not just whether this party will triumph or that ideological point of view will prevail.

The old quarrels—between management and labor, between Democrat and Republican, between liberal and conservative—must be put on the back burner, until we decide together if the society itself is going to survive.

The war in Asia is a limited one with limited means and limited goals. The war at home is a war for survival of a free society.

Anything less than total mobilization of our resources would risk defeat.

We have listened too long to the extremes of the new left and the old right. America needs today to hear the voice of the broad and vital center.

This vital center is under savage attack. It must be held at all costs. This vital center embraces a core of beliefs which focus on concern with the lives and welfare of individuals, with their right to liberty, to private property, to the pursuit of happiness.

Fundamental to our system is the morality of nonviolence. We welcome dissent, we welcome change, we welcome progress—but we hold firmly that it must be achieved by non-violent means within the context of individual rights. Our system is based on the premise that reason, not force, is our tool of change.

These are the basic beliefs that have propelled this nation further, faster than any other nation in the history of the world. These are the foundations of a society that has provided—in a greater measure than ever before—individual freedom, material prosperity, and personal security. These are the beliefs which have been responsible for the most successful war on poverty civilization has ever known. In 190 years we have not only become by far the world's wealthiest nation—but that wealth is more widely shared than in any other great nation. And we must never forget that American progress has resulted not from what government did for people but from what people did for themselves.

In his eloquent address to Americans for Democratic Action last September, Daniel Moynihan held out a hand that true conservatives should be quick to grasp. He warned his fellow liberals that they should "see more clearly that their essential interest is in the stability of the social order, and that given the present threats to that stability, it is necessary to seek out and make much more effective alliances with political conservatives who share that concern, and who recognize that unyielding rigidity is just as much a threat to the continuity of things as is an anarchic desire for change."

Let us not let the opportunity pass.

The answer to the militants is not to say "never"; it is not a wave of repression; it is not an angry outburst of hate or the furious silence of despair. Rather, it is to seize the initiative ourselves; to forge new alliances among the forces of progressive change, to accept the challenges that the disinherited have flung both to our conscience and to our ingenuity.

Business belongs in the forefront of social progress—and more often than many realize, that is precisely where it is. When businessmen have acted on their own—when they have identified their own interest with the curing of our explosive social problems—they have forged far ahead of other sectors of the community. As Dr. Kenneth Clark said recently, "Business is the least segregated, the least discriminatory, most free of the areas of society—better than education, religion, unions or government."

This is a record to be proud of and a record to build on.

The Negro wants and rightly seeks many things—many of them long denied. But he cannot fully achieve them in this society, until the economic stepping stones of meaningful and productive jobs are laid securely in place.

No force on earth, none in the history of man's experience, has ever shown the capacity for creating employment that has been shown by the private economy of the United States. It is a mighty engine of social progress.

And it is here that business can make its stand for the society of which it is so vital a part. It is here that the vital center is en-

gaged; and it is here that the business of American business is America.

What can be done?

Government must do more to provide tax, credit and other incentives for business to go where the need is. But business itself must act from a greater sense of urgency than the normal pursuit of profit. For these are not normal times.

Business can reach out, for example, to recruit the hopeless in the slums where they live. Men who have given up on themselves must be shown that others have not. Business can re-think production processes, so that the job can be fitted to the man rather than the man to the job. Business can greatly expand its training and retraining programs. It can do more toward anticipating the difficulties faced by the poorly educated and the culturally alienated, as they enter the competitive world.

Gerald Phillippe this noon pointed out many more directions in which business can move. Your own organization's forward looking STEP program is a solid example of business moving—and successfully. All across the country hundreds of business firms are recognizing the urgency of the urban crisis—and they are not waiting for a Federal call to arms. They are enlisting now.

It was many years ago that the philosopher Alfred North Whitehead declared: "A great society is a society in which men of business think greatly of their functions."

America is in a deepening crisis today. But there is hope. A new coalition is forming—the great silent center of the American people, the vital center, has begun to speak and is beginning to act. The beneficiaries of the free society are rising to its defense. The same business community that retreated in confusion in the thirties is emerging with confidence in the sixties.

American business, men like yourselves, built the cities of this nation; and American business can rebuild them. The modern corporation is no longer simply an economic unit. It has become a social unit, an action unit, and its skills are needed where the action is.

Without your help it cannot be done; with your full enlistment the beleaguered cities of this country can be transformed from a hostile front to a frontier of hope.

## Removal of Interest Rate Ceilings on All FHA and VA Insured Mortgages

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 7, 1968

Mr. HANNA. Mr. Speaker, today six of my colleagues and I join in introducing a bill to permanently remove the interest rate ceilings on all FHA- and VA-insured mortgages.

This measure is offered as a remedy to the distasteful necessity of charging discount points on real estate transactions. The problem of points has reached a heretofore unprecedented level. At present, banks, savings and loan associations, and other lending institutions are charging from 6 to 13 discount points on transactions involving FHA- or VA-insured mortgage loans.

The practice of charging discount points comes into play when the interest rate ceiling does not provide the lender with a competitive yield. To obtain a competitive return on his funds when lending to an FHA- or VA-insured mort-



gator, the lender must find some way of equating the yield secured from the FHA- or VA-insured mortgage with the yield obtained from alternative conventional mortgage investment opportunities.

In California a conventional mortgage involving conditions similar to those included in FHA- and VA-insured mortgages would yield from 6½ to 7 percent. At present, lenders accepting FHA- and VA-insured mortgages cannot charge in excess of the 6-percent ceiling.

It is axiomatic that lenders will not accept FHA- or VA-insured mortgages yielding 6 percent when conventional mortgage investment opportunities are available at 6½ to 7 percent. Lenders have, by their actions, made it clear that they do not regard the Government backing of the obligation as being worth the one-half to 1 percent income that they would have to forgo to obtain it.

The system of discount points has been used to close the gap between the market rate and the fixed FHA-VA rate. This worked reasonably well as long as the variations were small fractions. However, as the disparity between the market rate and the FHA rate, limited by the absolute ceiling, broadened; the point system became less effective and the byproducts of the point system became more distasteful.

The evils of the point system are legendary. First, it is complex and, therefore difficult for the potential buyer-borrower to understand. What the prospective mortgagor does not understand he suspects. The point system has caused many potential buyers to believe they are being fast-talked or flimflammed. This impression which, from my observations, is rather common. It makes it very difficult for the real estate agent to establish the relationship of personal trust and confidence which is basic to selling a home.

A second and even more egregious evil of the inflexible interest-rate ceiling is the burden it places upon the individual who wishes to sell his home. The general practice in marketing used housing is that the seller pays all, or nearly all, of the discount points required to secure the FHA- or VA-insured financing required to sell his home.

In simple terms this may mean that the seller will lose all the equity he has built up in the house. This amounts to a tax on the seller of used housing. This "tax" is unconscionable because it operates without regard to the equities of situation. Seldom is the seller able to make the question of discount a matter to be bargained upon on an equitable basis.

Moreover, the operation of the "tax" is contrary to two strong public policies: The first favoring alienation of property and, second, favoring economic progress. The points system discourages alienation of property by depriving potential new home buyers of the use of accumulated equity as a downpayment on a new and larger home. It also disfavors salutary business activity by severely penalizing those homeowners who, due to the high mobility of our society, are forced to move to secure career advancement. In short, the fixed interest

rate which forces the seller to pay onerous discount points works as an unconscionable tax, a bar to alienation and a penalty on progress.

I do not agree with my well-intending colleagues who contend that if discounts were abolished the problem would disappear. The discount point system is not inherently evil. It has no moral character. It is a mere contrivance devised to correct an anomaly in the marketplace, an interest rate which cannot be varied to reflect the supply of and demand for mortgage credit.

It is far better to correct the anomaly than to outlaw the contrivance. This bill will do this by eliminating the interest rate ceiling on FHA-VA-insured mortgages. Once this is done the practice of using discount points will be returned to its appropriate place, as a fine timing device to be applied in a market in which interest rates on FHA-VA-insured mortgages are the prime indicators of the cost of money.

An excellent article on discounts appeared in the July 1967 issue of the Mortgage Banker. I will have the same reprinted at this point in the RECORD.

[The Mortgage Banker, July 1967]

EDITORIAL: FIXED RATES—FACT OR FICTION?

After the mortgage market crisis of 1966, can anyone seriously contend that fixing the interest rate on FHA and VA mortgages benefits the borrower? This delusion of more than 30 years is revealed every time the fixed rate fails to meet the yield available on competitive investments. It was most transparent in 1966 when the fixed rate bumped into the statutory ceiling. Prospective FHA and VA borrowers found credit unavailable at the fixed maximum rate. FHA and VA mortgages could be obtained, but only if builders or sellers were willing to pay the discount necessary to bring the maximum rate up to competitive market yields. When builders and sellers could no longer absorb the discount, they stopped building or took their houses off the market. The prospective buyer found fewer sources of credit and fewer houses to choose from. As a result, he paid more for the house he purchased or withdrew from the market.

These developments are not the result of capricious decisions of builders, sellers, or lenders. They are decisions based upon market conditions, but the fixed rate is not fully responsive to changes in market conditions and is not responsive at all when competitive yields approach the statutory ceiling. Rather than looking elsewhere for scapegoats, we should recognize the fallacy of rate fixing and reaffirm our confidence in the market system. We should acknowledge that lenders, however large, are the trustees of the savings of millions of individuals, and their responsibilities include putting those savings to work in investments that minimize risk and maximize return. These objectives hold for financial managers of any financial intermediary, whether it is a commercial or savings bank, a savings and loan association, or a life insurance company. Indeed, savers themselves seek havens for their funds that produce maximum interest earnings.

Even the U.S. Treasury, the world's strongest borrower, must meet the market's terms. When the Treasury offered a 4 percent bond in January 1965, it chose a 4 percent coupon for the convenience of fitting the issue into the pattern of multiples of ¼ of 1 percent, but the issue was priced at a small discount to provide investors with a competitive market yield for 5-year issues at 4.18 percent. Of the \$4.4 billion issued, the Treasury—the borrower—accepted somewhat less to provide a market yield.

Once issued, these bonds are regularly traded at yields that compete with alternative investments. The 4's of 2/15/70 were quoted at 98.20 in late April to provide a competitive yield of 4.42 percent. They were quoted at 95 18/32 on November 21, 1966, to provide a competitive yield of 5.51 percent. Thus, the discount is merely a means of adjusting the coupon rate to prevailing market rates.

This is a long-standing, and highly useful adjustment process in the nation's financial markets. No one would expect savers to purchase a 4 percent bond at par in today's market. And, financial managers of savers' funds would not be fulfilling their responsibilities if they did not obtain a yield commensurate with the risk involved in the current market.

The discount mechanism would appear to be an equally judicious way of adjusting the coupon rate on FHA mortgages to prevailing market yields. Indeed, it is just that when the discount adjusts yields on seasoned mortgages to changes in market yields, adjusts yields to regional differences in mortgage interest rates, or adjusts yields to differences in terms or the quality of the underlying security. And, the mortgage discount works reasonably well when it is small, 2 points or less.

However, large discounts on mortgages create market distortions and inequities for reasons that are not analogous to large discounts on outstanding securities.

1. In the bond markets, discounts on new issues are never large, because they would require lenders to borrow amounts well in excess of the amounts actually received.

The additional funds borrowed but not turned over by the lender would simply equalize the interest cost to the borrower. However, the borrower would not be in the market if he did not place a greater value on current dollars than the prevailing cost of borrowing.

Accordingly, large discounts are an unattractive sacrifice of current dollars from the borrower's viewpoint and are, therefore, avoided in pricing new issues.

Large discounts may occur on issues that have been outstanding for some time, but these transactions involve two investors, both of which are operating in the same time framework and market environment. Their decisions do not in any way affect the position of the original borrower.

2. Conversely, discounts on newly originated FHA mortgages are often large.

They are not negotiated by lender and borrower, but are determined by a fixed coupon rate that may have fallen far behind the market. Unlike transfers of seasoned bonds or mortgages between investors, large discounts on newly originated mortgages distort the mortgage and housing markets and impart inequities between the parties involved—the builder or seller, the borrower, and the investor.

3. The investor, as pointed out earlier, must and does obtain competitive yields on FHA mortgage investments.

In past periods, when the discount mechanism was outlawed, he abandoned the mortgage market to seek investments elsewhere. When the discount is permitted and appropriate yields can be obtained, investors may still leave the market when discounts deepen in order to avoid criticism.

4. The builder has learned to live with small discounts. However, a large discount makes significant inroads into builder profits, very often eliminating them entirely.

Whether large or small, prevailing regulations on discounts are inequitable because they force the builder to pay part of the buyer's cost of borrowing money. We would hardly expect General Motors to pay lenders any amount to reduce the borrowing cost to car buyers, as this inequity is enforced in FHA home mortgages.