

ute to Hon. Paul F. Schenck, whose able service in the House of Representatives for 13 years entitled him to the gratitude and admiration of his constituents, and the warm friendship of his colleagues on both sides of the aisle. Although the Nation mourns his passing, he will be long remembered and beloved by his fellow

Americans, to whom he bequeathed so much of everlasting value in the beneficial legislation which he helped to enact.

Paul Schenck was a blithe spirit who always made the darkest days much brighter. He was a great storyteller, and not only edified his colleagues on the floor with his anecdotes, but especially

livened up the Republican cloakroom. Even so, when it came time for serious business, no one was more intent or dedicated to doing a good job than was Paul Schenck. He was a very popular Member of the House.

Mrs. Rhodes and I wish to express our deepest sympathy to Mrs. Schenck.

## HOUSE OF REPRESENTATIVES—Monday, January 27, 1969

The House met at 12 o'clock noon. The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

*Thou wilt show me the path of life: in Thy presence is fulness of joy.—Psalm 16: 11.*

Our Heavenly Father, we pray that Thou wilt fill this sacred moment with the reality of Thy presence. Restore our souls, refresh our spirits, and reinvigorate our bodies that we may be made ready for the responsibilities of this day.

Grant unto us sincerity that we may persistently seek the things that endure, refusing those which perish, and that, amid things vanishing and deceptive, we may see the truth steadily, follow the light faithfully, and grow ever richer in that love which is the life of men.

We pray for those nations sitting around the peace table. Lead them into the ways of justice and truth and establish among them that peace which is the fruit of righteousness.

We meet this day with sadness in our hearts as we remember our beloved colleague who walks with us no more. We thank Thee for his life of public service and pray that the comfort of Thy presence may abide in the hearts of all who loved him and worked with him.

In the spirit of love, we pray. Amen.

### THE JOURNAL

The Journal of the proceedings of Thursday, January 23, 1969, was read and approved.

### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Vice President, pursuant to title 42, United States Code, section 2251, appointed Mr. Cotton as a member of the Joint Committee on Atomic Energy in lieu of Mr. Hickenlooper, retired from the Senate.

The message also announced that the Vice President, pursuant to title 20, United States Code, section 43, appointed Mr. Fulbright a member, on the part of the Senate, of the Board of Regents of the Smithsonian Institution.

### BANKERS' TAKEOVER OF TREASURY—A NATIONAL DISGRACE

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, President Nixon's decision to give the commercial banking industry full run of the Treasury Department is a national disgrace.

To date, the new President has named the three top policy men at the Department—the Secretary and the two Under Secretaries. Each came directly from the commercial banking industry—an industry which is affected day to day by the decisions made in the Treasury Department.

Here are the three:

Secretary of the Treasury—David Kennedy, chairman of the Continental Illinois National Bank of Chicago, and a man who has been a leading executive in the banking industry for decades.

Under Secretary of the Treasury—Charles E. Walker, for 8 years the leading spokesman and the chief lobbyist for the American Bankers Association.

Under Secretary for Monetary Affairs—Paul A. Volcker, vice president of the Chase Manhattan National Bank of New York, the Nation's second largest commercial bank.

Not since the days of President Hoover and his infamous Secretary of the Treasury, Andrew Mellon, has Washington been flooded with so many bankers in official policymaking positions. I am sure that someday this Congress and the American people will learn why President Nixon felt so compelled to reward the banks and their lobbyists.

Surely, the new President realizes that the policies and the day-to-day decisions of the Treasury Department vitally affect the welfare of the entire Nation and of each of our 200 million citizens. It is not intended to be a play toy of the banking industry.

Mr. Speaker, the installation of these three bankers in top policy jobs at the Treasury Department represents a clear conflict with the public interest functions of the Department. This is true regardless of whether these men have disposed of their bank stock and severed other direct connections with the industry.

It remains a fact that these men come from years of experience in the banking industry and that they bring with them all the prejudices and the attitudes of this industry. It is impossible for them to divorce themselves from the friends and contacts and, most importantly, the philosophy gained from their leading roles with commercial banks.

In Sunday's Washington Post, Hobart Rowen discussed the problems of conflict of interest regarding another Nixon appointee, David Packard, who was appointed Deputy Secretary of Defense after a long career in defense-oriented industries. Here is what Mr. Rowen had to say:

The public shouldn't have to trust to luck or the extra sensibilities of a man in high office. The matter of principle, it seems to

me, remains clear: whatever his talents, Mr. Packard shouldn't have been taken out of the defense industry and placed in a position where he has to make judgments on expansion of the defense establishment.

Of course, Mr. Rowen is right and what he has to say about Mr. Packard applies, with much greater impact, on the appointments of David Kennedy, Charles Walker, and Paul Volcker to the Treasury.

Like Mr. Packard in the Defense Department, these three bankers will now be in a position to influence the policies which so vitally affect their former employers. Nearly every function of the Treasury Department affects commercial banks, their profits and their scope of operation.

The Treasury, of course, handles the Federal Government's debt management and sells massive sums of Government securities to commercial banks. The Treasury is the source of Federal tax policy, an item which has consumed a major part of the banking lobby's time and effort in recent years. The commercial banks also are the depository for so-called tax-and-loan accounts maintained by the Treasury Department. And the Treasury Department originates policies which affect the international activities of U.S. banks, something that is of vital importance to the big banks. Over all, the Secretary of Treasury is in a position to influence economic and monetary policy which bears directly on the operations of the commercial banks.

The list of areas where the Treasury Department has a close relationship with banking and monetary policy could fill pages. The dangers of having the banking industry run the Treasury Department are obvious.

Mr. Speaker, the function of exploring the qualifications of these men, of course, falls to the Senate in the confirmation process. This is the Senate's prerogative, but, I deeply regret that my colleagues in that body did not more fully explore this question.

This is particularly true in the case of Charles E. Walker, who has made no secret of his activities as the chief spokesman and the No. 1 lobbyist for the American Bankers Association. Yet, the Senate set what one national publication described as a "speed record" in approving his nomination as the Under Secretary.

Dr. Walker will now be in a position to implement the very policies for which he has lobbied the Treasury Department and the Congress for so many years. As my colleagues know, Dr. Walker and his lobbyists have been to Capitol Hill often, seeking special tax favors for the big

banks and allied corporations. The Walker lobbyists have spent time, money, and much effort to wipe out major sections of the antitrust laws. They have lobbied hard for higher interest rates and for the removal of statutory interest ceilings on Government bonds. Within the past year, Dr. Walker all but wrecked the college student loan program through his demands that the banks be allowed windfall profits from this program.

Mr. Speaker, this list of lobbying activities is long and I will not mention all of the incidents here today. However, let me say, that it has been Dr. Walker's job to carry forward the positions of the American Bankers Association and the big banks which dominate this lobbying operation.

And I say, Mr. Speaker, that the interests of the U.S. Treasury Department and the Federal Government are not the same as those of the American Bankers Association.

Mr. Speaker, I do not ask my colleagues to take my word for Dr. Walker's political and lobbying activities. Instead, I refer them to sources within the banking industry itself. They confirm Dr. Walker's role beyond question.

Let me quote from the January 23 issue of the American Banker, a daily publication which faithfully reflects the industry's viewpoint:

Within the banking industry and among Washington observers there is near-unanimous agreement that Mr. Walker's major contribution to the industry during his tenure was the strengthening of banking's political position.

He made the membership more aware of political forces. Under his guidance, the ABA Washington office was transformed from a mini-lobby into a well-staffed, well-heeled activist political apparatus.

When Mr. Walker took over the ABA, the Washington office consisted of about 13 staffers and secretaries, and only one registered lobbyist. In fact, the Washington bureau at that time considered itself primarily an educational and service organization.

Now the office has a complement of about 35, including six registered lobbyists. Mr. Walker is also listed as an active lobbyist on the House clerk's records.

After lauding Dr. Walker further, the article goes on to say:

Now ABA lobbyists move among the Congress and Treasury officials, personally keeping tabs on events. The ABA also helps initiate and enact legislation.

And now the American Bankers Association can brag further that it not only lobbies with the Treasury but that it also runs the Department.

Mr. Speaker, there simply is no question that the American Bankers Association has been, and is today, one of the most blatant, hard driving, and determined special-interest lobbies operating in Washington. It has become a fantastic force and I am amazed that even a Republican President would consider giving this lobby a policymaking desk.

Mr. Speaker, we are not talking about a telephone booth lobbying operation, we are talking about the biggest of the bigtime lobbyists when we mention Dr. Walker. And I quote further from the American Banker article:

Friend and foe concede that Mr. Walker has lifted the ABA lobby to the point where it is a force to be reckoned with on all legislative issues affecting financial institutions.

Said one lobbyist who has opposed the ABA on many issues: "Charlie brought them from the bottom of the league right up there to title contention."

A former ABA staffer put it another way in describing the broadening of the ABA's presence in Washington.

"In the old days," he said, "I don't ever remember seeing in the newspaper that anyone feared the American Bankers Association lobby. Now this seems to be injected into almost every debate on the Hill."

Mr. Speaker, quite obviously the banking industry and the American Bankers Association feel that they have the Congress of the United States on the run. Let me quote again from the story on Dr. Walker:

In the old days, I don't ever remember seeing in the newspaper that anyone feared the American Bankers Association lobby. Now this seems to be injected into almost every debate on the Hill.

Mr. Speaker, perhaps it was this concept of a Washington frightened by the bankers' lobby that led President Nixon to believe that he could appoint the ABA's chief lobbyist without a murmur from the Congress or the press.

#### NIXON ADMINISTRATION HITS HOMEOWNERS WITH HIGH INTEREST RATES

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, the suspense ended early. And after waiting only 5 days, the Nixon administration has made its first big move to raise interest rates.

Mr. Speaker, I refer to the action of the Secretary of Housing and Urban Development, George Romney, in raising interest rates on FHA- and VA-insured mortgages. In the case of FHA, the interest rates were pegged at 8 percent, including one-half of 1 percent for a mandatory insurance fee. The rate for VA housing will now be 7½ percent.

Mr. Speaker, these are the alltime records for interest rates on FHA and VA mortgages which are fully guaranteed by the Federal Government. Few of us in the Congress ever thought we would see the day when the Government would back 8-percent interest rates for homeowners.

It is a sad day for the American people. Secretary Romney's decision, taken after only 5 days in office, will price hundreds of thousands of lower and moderate income families out of the housing market. For other homeowners, the interest rate increase means a tremendous jump in the price of homes and in the amount of downpayment required.

Secretary Romney has made a grievous mistake in this action.

Mr. Speaker, the announcement of this fantastic increase on FHA and VA mortgages came late Friday afternoon, apparently timed to minimize adverse reaction.

For some reason, the announcement was followed by statements in news stories indicating Secretary Romney's decision would somehow make more money available for housing. Several major newspapers and other news media carried statements of this nature.

Apparently, these claims appalled even Secretary Romney and in Sunday's Washington Post, he was quoted as conceding that the interest rate increases "would mean a reduction in the number of homes built."

Secretary Romney's belated statement is, of course, correct—the interest rate increase will reduce homebuilding. And the reductions will come first for the people who need housing the most—the low-income and moderate-income families.

Mr. Speaker, the use of high interest rates to stimulate the purchase of FHA and VA mortgages has been disproved time and time again. And it is extremely unfortunate that Secretary Romney fell for this gimmick. Once again, there has been talk that the interest rate increase will diminish the number of discount points charged on VA and FHA home mortgages.

Here, again, we know that high interest rates will not remove these points. What happens, invariably, is that the points decline temporarily and then quickly move back up to their previous levels. So what we end up with are high interest rates and high discount points.

Secretary Romney's ill-advised action undoubtedly will also bring up conventional home mortgage rates. In fact, Secretary Romney raised the FHA rate more than three-quarters of 1 percent above the going nationwide average for conventional mortgages.

Figures released by the Federal Home Loan Bank Board on Friday—the same day as the Romney increase—showed that the conventional mortgage loans were going at 7.23 percent. In many cities, they were substantially below this figure.

Mr. Speaker, there are many strange aspects to this sudden decision to raise interest rates and I hope that Secretary Romney will have an early opportunity to give the Congress a full explanation.

Mr. Speaker, I issued a release on Saturday, January 25, which more fully explains my position on this latest increase in home mortgage rates. I place a copy of this release in the Record:

WASHINGTON, D.C., January 25.—Chairman Wright Patman of the House Banking and Currency Committee today charged that the Nixon Administration had leveled a possibly fatal blow at low and moderate income housing by raising interest rates to 8% on fully-guaranteed FHA mortgages.

"It is significant that the first major decision of the Nixon Administration is to raise interest rates for homeowners," Mr. Patman said. "It is regrettable that Secretary of Housing and Urban Development, George Romney, who has been in office five days, did not investigate the nation's housing programs and needs before he took this drastic action."

Mr. Patman said the country is now reaping the results of legislation which passed in the second session of the 90th Congress giving the Secretary of Housing and Urban Development discretionary power over interest rates on FHA mortgages.

"We now see what this authority means when it is in inexperienced hands and when it is carried out by an Administration heavily dominated by bankers and economists who follow high interest, tight money philosophies," Mr. Patman said. "It is obvious that the Congress must regain statutory control over these interest rates. It is shameful that the Congress gave away this power temporarily in the 90th Congress and left the American consumer unprotected."

Mr. Patman said the action by Secretary Romney is a direct slap at the newly-formed Presidential Commission on Mortgage Credit. Mr. Patman is a member of the Commission.

"The Commission has already met twice and is in the process of launching a comprehensive study into the question of mortgage credit and interest rates," he said. "Despite knowledge of this work, Secretary Romney has decided to jump the gun and slap this interest rate increase on the homeowner before the facts are assembled."

Mr. Patman said he was particularly disturbed by public statements claiming that an interest rate increase would result in more housing and that the so-called discount points would be eliminated.

"These are the oldest and the most fallacious arguments that could be used in support of this unnecessary interest rate increase," he charged. "There is absolutely no evidence that high interest rates bring more housing. It is a fact, undisputed by any housing economist, that interest rate increases price the lower income groups out of the housing market."

Mr. Patman said that a reduction in the "points" would be only temporary and "very slight at the best." "In past interest rate increases, the points have declined for a few months and then skyrocketed back to their high levels again. And this will happen again with the Nixon Administration's increase."

Mr. Patman said the implication by Secretary Romney that the 8% interest rate was needed because of money market conditions was totally inaccurate.

"Actually, Secretary Romney's 8% interest rate will place FHA mortgages substantially above conventional rates now existing throughout the country," he charged. Mr. Patman cited the release of the Federal Home Loan Bank Board which listed the effective interest rate on conventional mortgage loans at 7.23%—more than three-quarters of a per cent lower than Secretary Romney's 8% rate on FHA mortgages.

Mr. Patman cited city-by-city figures on conventional mortgages as listed by the Home Loan Bank Board: Atlanta, 7.48%; Baltimore, 6.94%; Boston, 6.83%; Chicago, 7.02%; Cleveland, 6.85%; Dallas, 7.60%; New York, 7.23%; and Philadelphia, 6.86%.

"Secretary Romney's decision, of course, will have the effect of pulling all of these conventional rates up as well as the FHA rate," the Banking and Currency Committee Chairman said.

Mr. Patman said that the increase, in addition to pricing low and moderate income people out of the housing market, would put a severe strain on funds available for the subsidized Federal housing programs for the poor.

Under many of the current low income housing programs, the Congress appropriates funds to subsidize all interest charges above one per cent. Under the new increase, the Congress will now be required to appropriate the difference between one per cent and eight per cent interest charged for housing constructed under these programs.

"There is only so much money available for these programs, and this new increase in interest rates will reduce substantially the number of housing units that can be built," he said. "In other words, the available funds will go for increased interest rates and not for additional units."

Mr. Patman said this latest increase means

that there has been a rise of 25% in interest charges on FHA mortgages in less than a year. "A year ago, the FHA mortgage rate stood at 6 1/2%, meaning that the average homeowner paid \$126 a month on a \$20,000 mortgage. Now, under this Romney increase, the homeowner will be paying 8% interest, or \$146 a month on the same \$20,000 mortgage—an increase of \$20 a month."

#### SUPPLEMENTAL APPROPRIATIONS FOR NEEDED HOUSING PROGRAMS

(Mr. RYAN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. RYAN. Mr. Speaker, there is no more urgent priority facing Congress than the crisis of housing and jobs in our cities. With the passage of the Housing and Urban Development Act of 1968, Congress showed signs of recognizing this crisis, but then Congress failed to provide full appropriations for the rent supplement program, the section 235 homeownership and section 236 rental assistance programs for lower income families, and the model cities and urban renewal program. If our cities are to be renewed, then adequate financial resources must be devoted to the task.

The Housing and Urban Development Act of 1968 proposed a goal for the next decade of the construction and rehabilitation of 6 million housing units for low- and moderate-income families. The 1968 act states:

The Congress finds that the supply of the Nation's housing is not increasing rapidly enough to meet the national housing goal, established in the Housing Act of 1949, of the "realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family." The Congress reaffirms this national housing goal and determines that it can be substantially achieved within the next decade by the construction or rehabilitation of twenty-six million housing units, six million of these for low- and moderate-income families.

The President's National Advisory Commission on Civil Disorders also recommended the annual construction of 600,000 units of low- and moderate-income housing. Yet President Johnson in the first annual report on the Nation's housing goals had to modify the fiscal year 1969 and fiscal year 1970 production goals to reflect the fact that Congress did not appropriate the full authorization for fiscal year 1969.

Today some 7.8 million American families cannot afford to pay for decent, standard housing. The December 11, 1968, report of the President's Committee on Urban Housing points out that the private marketplace will not solve their housing problem:

We concluded that new and foreseeable technological breakthroughs in housing production will not by themselves bring decent shelter within economic reach of the millions of house-poor families in the predictable future. To bridge the gap between the marketplace costs for standard housing and the price that lower-income families can afford to pay, appropriations of Federal subsidies are essential and must be substantially increased.

The task before us is clear. In the first year of the 10-year housing goal we have

already fallen behind. Therefore, I have introduced a number of supplemental appropriation bills to insure that for fiscal year 1969 the original budget requests are fulfilled, so that at least we can move steadily toward the goal of the 6 million units of new or rehabilitated housing in the next decade.

H.R. 4305, which I have introduced, would make a supplemental appropriation of \$50 million for fiscal year 1969 to the Department of Housing and Urban Development to carry out the low-income rental and cooperative housing programs administered under section 236 of the 1968 Housing and Urban Development Act. The supplemental appropriation requested in my bill represents the difference between the amount authorized by Congress for fiscal year 1969—\$75 million—and the amount appropriated—\$25 million.

If the section 236 rental program were funded for this fiscal year at its full authorization level of \$75 million, it should produce 99,000 to 120,000 units instead of 33,000 to 40,000 at a funding level of \$25 million. The 1968 act envisioned a total of 720,000 units to be funded over the 3-year authorization period.

Section 236 assistance benefits reduce the market interest rate—which includes principal, interest, and cost of insurance premium—to an amount that would be required if the mortgage bore an interest rate of 1 percent. The tenant pays no more than 25 percent of his income per month for rent.

The President's National Advisory Commission on Civil Disorders called for a massive attack on slum housing and the establishment of an ownership supplement program to make homeownership possible for low-income families. Section 235 of the Housing and Urban Development Act of 1968 and my bill H.R. 51, the Cooperative Rehabilitation Act, will help to meet this need.

My bill, H.R. 4602, provides a supplemental appropriation for the section 235 homeownership for lower-income families program. The homeownership program enables lower-income families to achieve homeownership through subsidy payments based upon the difference between 20 percent of the homeowner's income and the monthly mortgage payment. The 3-year authorization for the section 235 program in the 1968 Housing and Urban Development Act proposed a production goal of 500,000 units. The 1968 Housing and Urban Development Act authorized \$75 million for this program for fiscal year 1969, but Congress appropriated only \$25 million. The difference between the authorization and the appropriation means that 33,000 rather than 100,000 units can be funded under this program for this fiscal year.

I have also introduced legislation (H.R. 3840) to provide supplemental appropriations for the rent supplement program for fiscal year 1969. Each year the rent supplement program has been starved for funds, and each year its supporters have had to fight valiantly to help it stay alive. The administration's fiscal year 1969 budget request was cut by over 50 percent from \$65 million to \$30 million. This drastic reduction has



already had an effect on the operations of the program. Within the next 50 days the Department of Housing and Urban Development's authority to enter into contracts for annual rent supplement payments will have been exhausted. H.R. 3840 would increase the annual rent supplement payments which may be contracted for through fiscal year 1969 by \$35 million. This \$35 million increase in contract authority will produce 35,000 additional units of rent supplement housing and will help insure reaching the 10-year goal of 6 million housing units for persons of low and moderate income.

As yet, the rent supplement program has hardly made a dent in the critical need of our urban population for low-income housing. The program is the private sector complement to the low-rent housing program and allows private enterprise to take a direct hand in meeting the housing needs of our low-income population living in substandard housing. Under the program the tenant pays 25 percent of his monthly income for rent. The Federal Government pays an amount equal to the difference between 25 percent of the tenant's monthly income and the total monthly market rent. But if the rent supplement program is to gain more momentum in tackling the needs of low-income housing, it must have the \$35 million increase in contract authorization for fiscal year 1969.

Another bill, H.R. 602, would remove the existing dollar limit on the amount of annual contributions which may be contracted for by the Department of Housing and Urban Development to assist rental public housing. The Housing and Urban Development Act of 1968 proposed a production goal of 375,000 units over a period of 3 years. Given the great need as reflected in large waiting lists such as in New York City where 135,000 applications for public housing are pending, this production goal is not sufficient.

Although rent supplements and interest reduction payments are imaginative and important programs, the fact is that public housing remains the only effective way to reach low-income families in our larger cities. The Department of Housing and Urban Development should gauge the public housing program not by a statutory contract authority limitation but by generated demand for the program and the number of applications received. Through fiscal year 1969, HUD has contract authority to make annual contributions payments in the amount of \$654.25 million and \$804.5 million through fiscal year 1970. However, the annual contributions payments through the current fiscal year will actually amount to \$366 million—\$350 million already appropriated for fiscal year 1969 plus \$16 million supplemental requested by President Johnson—which represents a cumulative total of 755,564 units under annual contributions payments in the public housing program. It is to be noted that the Housing Act of 1949 called for the construction of 810,000 units of public housing over 6 years.

The vast discrepancy between contract authorization and actual contributions shows how the low income public housing program has failed thousands of low-

income persons who live in substandard housing. Congress should immediately express to the Department of Housing and Urban Development its dissatisfaction with the progress of the public housing program. Past experience raises a serious question as to whether or not the public housing program can deliver its share of the 10-year national goals for low- and moderate-income housing. In fiscal year 1969 it is estimated that at most only 75,000 additional units of public housing will actually be completed throughout the country. This is totally inadequate, especially in view of the fact that Congress has provided the necessary contract authority.

I have also introduced legislation to increase the amount of appropriations for the urban renewal program, both in model city neighborhoods and the overall program. H.R. 4603 would increase the appropriations for urban renewal in the model cities program for use in fiscal year 1969 from \$312.5 million to \$350 million. H.R. 4604 would increase the appropriations for the urban renewal program, appropriated in the Independent Offices and Department of Housing and Urban Development Appropriations Act of 1968, to be utilized in fiscal year 1970 from \$750 million to the full authorization level of \$1.4 billion.

The supplemental appropriation of \$650 million for use in fiscal year 1970, which would cover urban renewal projects, demonstration programs, code enforcement programs, demolition grants, relocation grants, community renewal programs, and the neighborhood development program is necessary to meet the existing and prospective demands for urban renewal assistance throughout the country. Presently, there is a large backlog of applications which must be funded to renew our cities, rid them of slums and blighting influences, and serve to meet the 10-year national housing goals. One of the priorities upon which HUD approves urban renewal applications is that projects conserve and expand the housing supply for low- and moderate-income families. Furthermore, the 1968 Housing and Urban Development Act requires that a majority of units in future residentially redeveloped projects must be for low- and moderate-income families and persons, with 20 percent specifically earmarked for low-income persons. The urban renewal program, therefore, is an essential part of the 1968 act's goal of a decent and safe dwelling unit for every American by 1978. The average construction of new units in urban renewal projects has averaged 92,123 units for the past 5 years and 173,403 units on the average have been committed annually. These figures should increase substantially in the next 2 to 3 years, due to recent congressional and administrative stipulations.

As one of the essential components of the model cities program is a "substantial increase in the supply of standard housing of low and moderate cost," as well as "the maximum opportunities for employing residents of the area in all phases of the program and enlarged opportunities for work and training," the supplemental funds for model cities will

help to insure jobs in housing as well as to increase the supply of low- and moderate-income housing to meet the national housing goal.

Another aspect of my housing package is H.R. 49—and H.R. 4308, an identical bill with cosponsors—to authorize assistance under the section 236 program and the rent supplement program to qualified rental and cooperative housing projects financed with aid under State and local programs even though construction or rehabilitation was completed prior to approval for such assistance. The purpose is to provide relief to State and local programs which have recently been severely undercut by spiraling interest rates. Higher interest rates for such projects result in increased rents for publicly assisted middle-income housing programs such as in New York City where Mitchell-Lama project rents and operating costs have risen steadily and are forcing middle-income families to move out of the central city. This bill would also assist in the provision of additional units to meet the national goal because it would cost the Federal Government less to subsidize the interest rate on a Mitchell-Lama housing project down to 1 percent than to subsidize a privately financed project down to an interest rate of 1 percent.

I have also joined in cosponsoring with Congressman CONYERS the Full Opportunity Act, H.R. 3338, which provides that:

The Federal government must annually for the next ten years assist the financing of an additional one million housing units for low and moderate-income families in order that every American family will have the opportunity to obtain adequate housing.

Annually, for 10 years, this act provides for 300,000 additional public housing units, 200,000 additional units under the rent supplement program, 150,000 additional units of section 236 housing, 100,000 additional units of section 235 homeownership housing, and 150,000 additional rehabilitated housing units, and other housing tools. The Full Opportunity Act would also provide for HUD to make grants or loans for financial and technical assistance to sponsors of low- and moderate-income housing and eliminates the ability of local communities to prevent rent supplement and 221(d) (3) housing by not adopting a workable program for community improvement.

The legislation which I have introduced, providing supplemental appropriations for this fiscal year for section 235, section 236, rent supplements, and urban renewal and the related legislation for increased production of low- and moderate-income housing through public housing, extension of section 236 and rent supplement benefits to State and locally financed housing, and the Full Opportunity Act, is urgently needed. With the passage of the 1968 Housing and Urban Development Act committing this country to the 10-year goal of 6 million units of additional low- and moderate-income housing, the 90th Congress must take the necessary steps to ensure that this goal does not remain an empty promise but becomes an actuality.

Legislation to increase the appropriations for housing programs in this fiscal

year not only will increase the volume of low- and moderate-income housing but also provide opportunities for new jobs for minority residents in the construction of such housing. A massive housing program combined with job-creation program has been urged by the National Committee for a Confrontation with Congress, a grassroots group in New York City, which has called upon the Congress to extend to the ghetto the same concern for housing that Congress did 20 years ago when it promoted the suburban housing boom through FHA and VA loan programs.

In the 90th Congress I was cosponsor of legislation called the Jobs-in-Housing Act of 1968, which recognized the value to be derived from creating tens of thousands of new well-paying construction jobs while at the same time rebuilding our central cities. Recognizing the explicit connection between more jobs and more housing, the National Committee for a Confrontation with Congress spent many hours with Members of Congress promoting jobs-in-housing and succeeded in their efforts by having Congress adopt section 3 of the Housing and Urban Development Act of 1968. This jobs-in-housing provision will be of enormous benefit to low and moderate income urban residents, for it applies to the supplemental appropriation bills I have introduced for sections 235 and 236, public housing and rent supplements. Section 3 states:

The Secretary of Housing and Urban Development shall require, in consultation with the Secretary of Labor, that to the greatest extent feasible opportunities for training and employment arising in connection with the planning, construction, rehabilitation, and operation of housing assisted under such programs be given to lower income persons residing in the area of such housing.

Supplemental appropriations will provide expanded opportunities to minority groups and contractors in the planning and construction of low- and moderate-income housing. The lack of jobs and slum housing are two interlocked manifestations of poverty. The unemployed, who are seeking, not handouts, but decently paid jobs, could be employed in the very task of rebuilding their neighborhoods.

Another bill, H.R. 649, is also related to the question of jobs and housing. It deals with the problem of minority group contractors who are unable to obtain bonding. It would authorize the Small Business Administration to indemnify corporate sureties on bonds covering contracts of sound small business concerns and would help minority contractors to satisfy certain legal requirements in order to participate in the construction of low- and moderate-income housing—thus providing job opportunities and minority entrepreneurship in the housing area.

In the last Congress I drafted and introduced the Cooperative Rehabilitation Act—H.R. 51 of the 91st Congress—which would make it possible for low income tenants to acquire and rehabilitate buildings, turning them into cooperatives.

It is the duty and responsibility of this Congress to insure that the House

and Urban Development Act of 1968, unlike its predecessors, achieves the goal first set forth in the Housing Act of 1949—"the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family." It has been over 20 years since Congress stated that goal. It is now time for Congress finally to fulfill that promise and free millions of ill-housed Americans from the evils of slum housing.

#### APPROVAL OF PRESIDENT'S ACTION IN AIRLINE CASES

(Mr. FLYNT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. FLYNT. Mr. Speaker, I wish to express my strong approval of the action taken by President Nixon in rescinding the order of the Civil Aeronautics Board in the transpacific route cases.

While it has been true in the past that international route cases have been decided near the end of an administration, no decision has ever been surrounded by so many reports, rumors, charges, and countercharges as have filled the air and the press following the announcement of the decision in the transpacific route case.

Some of these reports and charges were so serious that they could not be ignored. The only effective and appropriate way that the more serious of these charges could be proved or disproved was by the action which President Nixon took on January 24, 1969.

Many air carriers had filed administrative requests for reconsideration. They included successful and unsuccessful applicants for transpacific routes, so that the demands for reconsideration were not based solely on disappointment with the awards.

Many Members of Congress, Democrats and Republicans alike, and possibly about equal numerically, submitted formal requests to the President to recall and review the transpacific decision. This demonstrates that the congressional interest in this matter was bipartisan.

The President's action was one with which no one can find fault. The air carrier industry and the users of commercial aviation should applaud the courage and forthrightness which President Nixon displayed in this matter.

No harm can come from the action with which President Nixon recalled and rescinded the transpacific order. It precludes nothing. If the order and decision were properly arrived at, both can be reinstated. If they were improperly arrived at, they can be corrected.

This was probably the single most significant action taken by the President of the United States during his first week in office. It was an appropriate one and one which meets with near universal approval of all Americans.

#### FIX AND UPDATE U.S. INCOME TAX

(Mr. FEIGHAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks and to include an editorial.)

Mr. FEIGHAN. Mr. Speaker, a very timely and thought provoking editorial appeared in the Cleveland Plain Dealer on Thursday, January 23, 1969. I have sent a copy of this editorial, entitled "Fix and Update U.S. Income Tax," to the distinguished chairman of the Ways and Means Committee for consideration by him and the members of the committee. This editorial is well worthy of the reading and consideration of other Members of the House:

#### FIX AND UPDATE U.S. INCOME TAX

There are at least two things drastically wrong with the federal income tax. This Congress should correct them.

First: Loopholes and allowances are open to oil well owners and to some million-dollar-a-year men. But the common man with his common income cannot find and use those dodges.

Second: The old income tax return is as out of date as Aunt Elias's antimacassars. There has been a massive upward march of incomes and prices, but the \$1,000 ceiling on standard deductions and the \$600 personal exemption have stood still.

In 1950 almost every taxpayer could use the simple 10% standard deduction. It made filling out an income tax return simple.

But in those days 94% of all families, approximately, earned less than \$10,000. So the \$1,000 ceiling affected only 6% of the families.

Today about one-fourth of all families are up to \$10,000. What's more, a much larger part of family income today has to be spent on deductibles. The average home's real estate taxes and mortgage interest in Cleveland very nearly reach the \$1,000 mark, and rising hospitalization, charities and union dues compel the rank and file taxpayer to sweat through itemizing his deductions.

The \$600 personal exemption, once related to food, clothes and housing cost, is now below federal poverty standards for any average urban family.

On the opposite end, many congressmen have rapped at wealthy individuals and corporations which pour their investment money into tax-free municipal and government bonds.

They have also questioned the fairness of tax exempt philanthropic foundations, which a wealthy patriarch can use to dodge inheritance taxes, and as a sanctuary for securities intended for his heirs.

Every special loophole for some clubby little group should be peered into and probably plugged. And for the ordinary man, surely a more up-to-date set of rules and a simpler tax form would win Congress a host of friends.

#### THE "PUEBLO" INQUIRY

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SIKES. Mr. Speaker, no one is on trial for the *Pueblo* incident, but the inquiry now being conducted by the Navy has convinced a great many people that the *Pueblo's* captain and crew actually are being tried. There are many unanswered questions about the *Pueblo* incident, and the whole subject is a touchy one. The United States lost enormous prestige when the ship was surrendered and the crew not released for nearly a year. The method in which their release was obtained was salt in an open wound.

The fact that the *Pueblo's* crew is back is, of course, a source of great satisfaction. But the indignities which were in-

flited upon them, including the death of one, rattle in the minds of the American people. Now some very important questions which have long remained unanswered are coming to the surface. The *Pueblo* carried no self-destruct mechanisms to protect highly advanced communications equipment and codes. When the ship was surrendered, all of this fell into Russian hands via the North Koreans. It has been assumed that our information-gathering electronic equipment is more advanced than that of the Russians. Whether or not that is true, they now know everything we know in this field.

Of major importance is the fact that the U.S. Government still has taken no productive action to obtain the return of the ship and its equipment or reimbursement for the ship and to obtain indemnity for the death, wounds, and suffering of the crew and their families.

No one has satisfactorily explained the failure to send help to the *Pueblo* before she actually fell into Communist hands. The *Pueblo* case is not one which can be swept under the rug and forgotten. Congress will want to take a hand in bringing all the facts to the surface before blame is fixed for the loss of the *Pueblo* and the indignities to its crew. Appropriate steps also must be taken to insure there will be no repetition of a situation where an American ship is left defenseless in any waters. It is equally essential that proper equipment be installed to insure that communications vessels be fully equipped with destructive devices for the protection of classified materials and equipment.

Proud American traditions are at stake. We do not beg our way out of trouble.

#### EDITORIAL COMMENDS SPEAKER CHOICE

(Mr. JONES of Alabama asked and was given permission to address the House for 1 minute, to revise and extend his remarks and to include an editorial.)

Mr. JONES of Alabama. Mr. Speaker, the House of Representatives has been commended by an editorial printed in the Decatur, Ala., Daily for the selection of the Honorable JOHN W. MCCORMACK as Speaker for the 91st Congress.

For years, the editor and publisher of the Decatur Daily, Mr. Barrett Shelton, Sr., has been associated with progress and growth of the thriving Tennessee Valley area through his newspaper and in his personal civic endeavors.

I am pleased to associate myself with the editorial comments about Speaker MCCORMACK and I include the editorial at this point in my remarks so that all of my colleagues can share these thoughts:

MR. MCCORMACK WILL BE REMEMBERED AS GREAT

The House of Representatives made an admirable choice in the selection of the Honorable JOHN W. McCormack of Massachusetts as Speaker for the 91st Congress.

Speaker McCormack, through his many years of service to the nation, has established an enviable record for fair play and consideration of all the divergent issues which meet in the Congress.

On the occasion of his recent election to

the speakership, rare tribute was paid to him by the Honorable Gerald R. Ford, the minority leader. Mr. Ford was the Republican candidate for the speakership. After the election, Congressman Ford told of his regrets at losing and said, "But, it is an even sterner test of statesmanship and character to be magnanimous and gracious in victory—and for whatever comfort and consolation it may be to any of my colleagues I can testify that the distinguished gentleman from Massachusetts has always been magnanimous and gracious to me—every time I have tried to take his gavel from him in the American political arena."

Our nation faces many tasks of considerable complexity as we lay the groundwork to meet the technological demands and requirements of the 21st Century. No one is more dedicated to this task than Speaker McCormack. He has proved this with his leadership of the Congress in recent years when unparalleled amounts of new legislation have been formulated to serve the people of this country.

His open and friendly manner and his willingness to counsel and advise have made him a legend in his own time among members of the Congress. He is the very embodiment of all that is great about our representative form of government.

The story is told that Speaker McCormack once confided in a fellow member that "rather than being known as a great man, I would prefer to be known as a good man, if I had a choice."

In our opinion, Speaker McCormack will have his wish. He will be known as a good man, and he will be known as one of the great speakers of all times.

#### NATIONAL PRIORITIES AND THE NATIONAL BUDGET

(Mr. BROWN of California asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BROWN of California. Mr. Speaker, over the past year or so, the term "national priorities" has taken on new popularity here in Washington. Pressing social problems, demands for maintaining a costly military operation in Southeast Asia, exploration and exploitation of natural resources, the thrust toward placing men on the moon—the argument goes that all programs, all issues, must be put into some broad perspective, then evaluated according to a prejudged order of priority.

Of course, what we term "national priorities" today is, in reality, nothing other than that old debate of guns and butter—the tradeoffs between sets of competing needs. The theory itself is simple and blunt: given limited resources, what must be sacrificed to reach a chosen objective?

President Johnson's recent budget message spotlights the new attention given "priorities." According to the President, "the composition of the budget reveals much about the Nation's priorities."

To gage by the budget he presented Congress, if Mr. Johnson's statement is indeed true, I feel that the Nation is continuing to head down a tragic, extremely costly path. I do not concur that America's paramount national goal should be one of further military buildup, of an increase in military hardware, and of the pursuit of a debilitating, wasteful war in Southeast Asia.

If there is one thing that President Johnson's budget does not reflect, it is a real ordering of priorities. The budget may show priorities, but they are priorities of power, not priorities of need.

Unfortunately, as much as President Johnson hopes his budget represents an accurate presentation of national priorities, I think that he is wrong. Priorities ranked on the basis of lobby or monetary strength of special interests always get distorted. It has become a cliché to note that poor people—both here in America and abroad—carry less clout with Congress than do powerful industrial and military blocs, but that cliché holds as a good rationale behind the "priorities" of the fiscal 1970 budget.

For example, what concept of priority can make rational the assignment by the General Accounting Office of only five auditors for over \$40 billion of military negotiated contracts while, at the same time, putting between 70 and 80 auditors at work analyzing poverty programs.

In a true sense, the budget does not adhere to the very meaning of priorities. Instead of rating programs by individual merit, they are lumped together under functional headings, so that it becomes impossible to carry on any cross-the-board analysis. Congress' experience last year in the expenditure control controversy bears testimony to this fact. Many vulnerable and sensitive programs—mainly in the poverty and urban areas—got sliced disproportionately to older, more established, but also often less valuable programs. In the end, I am sure we shall see Congress finding it necessary to go right back into the very areas it cut drastically, and often to revive discontinued programs and to get them underway again, with resultant total costs that are more than were saved by the original cutbacks.

The fiscal 1970 budget is the second budget document prepared in accordance with recommendations by the President's Commission on Budget Concepts—which was headed by the incoming Treasury Secretary, David M. Kennedy. The new unified accounting system has certainly contributed to better understanding of the total budget. But, in content, the budget remains little more than a confusing catalog of hundreds of programs which differ significantly in value.

I suggest that either Congress or the new administration give deep thought to the problem of offering a national budget which will present a true ordering of "national priorities"—a budget which will take into account the question of evaluating alternative budget strategies. Such a budget would show long-range and short-term benefits and costs associated with various program mixes.

Congress would be greatly assisted by a priority based budget. For example, at midyear we will be faced with the income tax surcharge issue once again. Already, the Budget Bureau and the Council of Economic Advisers have constructed a series of projections depicting different outcomes relative to passage of the surtax. These scenarios indicate that if the surtax is not extended, and war costs run at current levels, we will be in for continuing inflationary pressures and a budget deficit. However, surtax extension would



lead to a budget surplus, and inflation would be stymied.

These scenarios sound simple. They are simple. They also are misleading. Much fundamental analysis is not present. During last year's tax debate, I voted against the surcharge because I felt it to be the major finance mechanism for the Vietnam military operations. This year, I will vote against extension on the same grounds.

The Johnson administration succeeded in convincing Congress it was possible to have both more guns and more butter. Nevertheless, resources are limited, and we only fool ourselves if we think we can get everything we want without paying a dear price.

Last year's price was expenditure controls. What will this year's price be? Will it be stricter expenditure control—control applied to most programs while at the same time defense costs keep spiraling up?

The question should not be how large a budget deficit and how much inflation we are willing to accept in lieu of surtax extension. Instead, we should inquire what is the real cost of higher and higher defense allocations—in terms of inflation from resource dislocations, in lower economic growth, in unemployment, in foregone education and training, in balance-of-payments deficits, in poor housing and medical care, in festering cities, in a polluted environment.

The fiscal 1970 budget is barely below the \$200 billion level. It took the Nation from 1786 until 1962 to reach the \$100 billion budget, but it's only taken us since 1962 to get from \$100 billion to \$200 billion. And, the national defense budget requested for fiscal 1970 is larger itself than were total budget expenditures in fiscal 1957.

This appetite of the military which literally ingests all incremental budget funds does not appear to be diminishing. During the past 3 years, rising Vietnam costs have cut into two other defense areas—inventories and research and development. Now, with Vietnam expenditures settling down, overall military outlays, other than in Southeast Asia, will climb \$4.1 billion, and budget requests for inventory and research and development are mounting, with the estimated rise in research funds of nearly \$1 billion.

No sensible person argues against a reasonable national defense posture for this country. But little justification exists for the burgeoning size of our military budget. Indeed, there is good evidence that major reductions in the defense budget could be made, and, in the end, we would have an even more effective national defense system. Without doubt we would have a vastly increased national security, for additional weaponry frequently decreases security.

Last summer, Congressional Quarterly reported that approximately \$10.8 billion could be cut from the defense budget "while retaining or even improving the current level of the Nation's defense." None of the Congressional Quarterly recommended cutbacks directly involved Vietnam operations; on the other hand, most of the areas where reductions were called for already repre-

sented significant question marks for many policymakers.

It was probably too much to hope that defense planners would have looked seriously at the Congressional Quarterly report before drawing up the fiscal 1970 budget requests. If they did, it does not show in their new spending proposals. When the budget came out, I made my own comparison between the Congressional Quarterly recommendations and proposed budget outlays for 1970. The results, tabulated in the following chart, indicate that in the areas that Congressional Quarterly noted that reductions of \$10.8 billion could be achieved, the new budget asks for a net increase of over \$1.7 billion:

[In millions of dollars]		
Item	CQ recommended cut	Fiscal 1970 budget change
Anti-ballistic-missile system.....		
Bomber defense system.....	2,950	+1,100
Surface-to-air missiles.....		
Manpower:		
Army.....	2,200	+200
Navy.....	900	-400
Air Force.....	675	+12
Marines.....	400	-400
Total.....	4,175	+212
Tactical aircraft:		
Army.....	510	+309
Navy.....	635	-185
Air Force.....	700	-56
Total.....	1,845	+338
Antisub carrier forces.....	400	-40
Attack carrier forces.....	360	+380
Fast deployment logistic ship.....	500	-137
Manned Orbiting Laboratory.....	600	-17
Total.....	10,800	+1,736

<sup>1</sup> Approximately.

When the Congressional Quarterly report was published last year, I argued that even the \$10.8 billion cut was conservative, and that a total approaching \$20 billion could be sliced from the defense budget without sacrificing military efficiency. I remain firm in that belief, and I will act accordingly.

Additional analysis substantiating the Congressional Quarterly report was brought forth yesterday in an article by Bernard D. Nossiter for the Washington Post. Nossiter tells of a clandestine study which showed utterly dismaying performance in recent military weapons systems—systems which cost over \$40 billion during the past 15 years. The story follows:

#### WEAPONS SYSTEMS: A STORY OF FAILURE (By Bernard D. Nossiter)

The complex electronic gadgetry at the heart of new warplanes and missiles generally works only a fraction of the time that its builders had promised.

The performance of the multi-billion-dollar weapons systems started in the 1950's was bad; those of the 1960's are worse.

The Pentagon appears to be giving the highest profits to the poorer performers in the aerospace industry.

These are the conclusions of an abstruse 41-page paper now circulating in Government and academic circles. The document, a copy of which has been made available to the Washington Post, is believed to be the first systematic effort to measure how well or ill the Pentagon's expensive weapons perform.

Its author is a key Government official with access to secret data and responsibility

for examining the costs of the Pentagon's complex ventures. He and his agency cannot be identified here.

His paper, entitled "Improving the Acquisition Process for High Risk Military Electronics Systems," aims at bringing down the costs and bettering the dismal performance of weapons. It does not discuss a question that might occur to others: if these weapons behave so badly, why is the money being spent at all?

For security reasons, many of the planes and missiles examined are not identified by name.

The paper first examined 13 major aircraft and missile programs, all with "sophisticated" electronic systems, built for the Air Force and the Navy beginning in 1955, at a cost of \$40 billion.

Of the 13, only four, costing \$3 billion, could be relied upon to perform at more than 75 per cent of their specifications. Five others, costing \$13 billion, were rated as "poor" performers, breaking down 25 per cent more often than promised or worse. Two more systems, costing \$10 billion, were dropped within three years because of "low reliability." The last two, the B-70 bomber and the Skybolt missile, worked so badly they were canceled outright after an outlay of \$2 billion.

#### LOSSES FURTHER LUSTER

The paper sums up: "Less than 40 per cent of the effort produced systems with acceptable electronic performance—an uninspiring record that loses further luster when cost overruns and schedule delays are also evaluated."

The paper measures "reliability" in this context: The electronic core of a modern plane or missile consists essentially of three devices. One is a computer that is supposed to improve the navigation and automatically control the fire of the vehicle's weapons and explosives. Another is a radar that spots enemy planes and targets. The third is a gyroscope that keeps the plane or missile on a steady course.

When the Pentagon buys a new gadget, its contract with the aerospace company calls for a specified "mean time between failure of the electronic system." In lay language, this is the average number of continuous hours that the systems will work.

In a hypothetical contract for a new jet bomber, Universal Avionics will sell the Air Force on its new \* \* \* by promising that the three crucial electronic elements will operate continuously for at least 50 hours without a breakdown. In the reliability measures used in the paper described here, the plane is said to meet 100 per cent of the performance standards, if, in fact, its gadgetry did run 50 consecutive hours. However, if a key element breaks down every twelve and a half hours, it gets a rate of 25 per cent; every 25 hours, 50 per cent and so on. Should a system operate with a breakdown interval of 62.5 hours—a phenomenon that happens rarely—its reliability is rated at 125 per cent.

#### TEST FOR THE PILOT

Quite obviously, the more frequent the breakdown, the more the pilot of a plane has to rely on his wit and imagination to navigate, find targets and fly a steady course. Over-frequent breakdowns in a missile can render it worthless as an instrument of destruction.

Curiously enough, as the paper demonstrates, the Pentagon and the aerospace industry apparently learned \* \* \* the systems of the 1960s are even worse.

The document first looks at the performance record of the electronic systems in 12 important programs begun in the 1950s. As the accompanying chart shows, all but four missiles can be identified by name without breaching security.

Of the 12, only five perform up to standard or better; one breaks down 25 per cent more frequently than promised; four fall

twice as often and two break down four times as frequently as the specifications allow.

The document discusses some of the good and bad performers in this group. It observes that the F-102, the Delta wing interceptor for the Air Defense Command, was bedeviled by an unsatisfactory fire control system. Its first had to be replaced; the next was also unsatisfactory, and an extensive, two-year program to modify the device was then undertaken.

#### SEDIWINDER DID WELL

In contrast, the Sediwinder, a heat sensing missile, performed very well. The study attributes this to the fact that the missile was developed in a leisurely fashion, without a "crash" schedule, and that several contractors were brought in to compete for key components.

The paper next examines eleven principal systems of the 1960s. These cannot be identified beyond a letter designation.

Thus, in the chart, A1 is the first version of a plane or missile; A2 is the second version, possibly one for a sister service; A3 is the third version and so on. B1 is the first version of an entirely different system; so are C1, D1 and E1.

To make the best possible case for the Pentagon and its contractors, this survey does not include two systems costing \$2 billion that performed so badly they were killed off. The eleven systems of the 1960s evaluated here account for more than half of those begun in the most recent decade and their electronic hearts cost well in excess of \$100 million each.

Of the eleven systems, only two perform to standard. One breaks down 25 per cent more rapidly than promised; two break down twice as fast and six, four times as fast.

As a group, the eleven average a breakdown more than twice as fast as the specifications demand. Oddly enough, the first version of the system designated as "A" met the standard. But the same unidentified contractor produced three succeeding versions that fall on the average more than three times as often as they should. All these successors, the paper observes, were ordered on a "pressure cooker" basis, on crash schedules.

#### HIGHEST REWARDS

The paper also examines the relationship between contractors' profits and performance, and suggests that, contrary to what might be expected, some of the most inefficient firms doing business with the Pentagon earn the highest rewards.

The second chart looks at profits, after-tax returns as a percentage of investment, the only valid basis for determining profitability, for the ten years from 1957 through 1966. During the decade, the aerospace firms managed to earn consistently more than American industry as a whole, piling up nine dollars (or billions of dollars) in profits for every eight garnered by companies not doing business with the Pentagon.

Even more peculiar is the brilliant earnings record of two of the biggest contractors, North American and General Dynamics. Both except for a brief period when General Dynamics tried its hand at some civilian business, made profits far above the industrial average and generally in excess of their colleagues in aerospace.

During the ten years, North American did all but two per cent of its business with the Government. The study reports that it produced one highly successful plane in the mid-50s, another system that met performance specifications, one that was canceled and four that broke down four times as frequently as promised. Nevertheless, the company's profits were 40 per cent above those of the aerospace industry and 50 per cent above the average for all industries.

#### NONE MEASURES UP

General Dynamics had, as the chart shows, a much more uneven profits record. But its years of disaster and even losses were those when it ventured into the economically colder climate of the civilian world to produce a commercial jet airliner. Having learned its lesson, it retreated to the warmer regions of defense procurement and, in recent years, has netted more than the industry average. It has compiled this happy earnings score, the study observes, despite the fact that none of the seven weapons systems it built for the Pentagon "measured up to expectations." Its most notorious failure is the F-111 swing-wing fighter-bomber.

As a final touch, the study notes that complex electronic systems typically cost 200 to 300 per cent more than the Pentagon expects and generally are turned out two years later than promised. But both of these phenomena have been examined so frequently by specialists in the field that the paper does not dwell on them.

#### HOW MUCH PROTECTION?

These findings raise some serious questions. Perhaps the most important is how much protection the United States is getting for the tens of billions of dollars invested in expensive weaponry. Another is whether the whole process should be turned off and improvements made in the existing devices. Secretaries of Defense have repeatedly assured the Nation that present weaponry guarantees the destruction of any Nation that attacks the United States.

The document under study here, however, takes a different line, one aimed at getting less costly weapons that measure up to the promised performance.

It blames the dismal record on several factors. One is the relentless search for newer and more complicated electronic "systems." The aerospace contractor has an obvious vested interest in promoting "breakthrough" gadgetry. This is the way he gets new, and clearly profitable business.

#### CLOSE CORRELATION SHOWN

But the study asks, do the services need it? Since the Air Force and the Navy almost always accept a plane or a missile that performs at a fraction of its promised standard, it would appear from an exclusively military standpoint that a device of a much lower order of performance fits the Nation's defense needs.

The document also shows a close correlation between "crash" programs and poor performance. Thus, it proposes more realistic schedules. If a weapon is wanted in short order, five years or less, the study recommends that its electronic gadgetry be limited to familiar items.

If the Pentagon wants something that makes a "technical breakthrough," it should allow a minimum development period of five to seven years, it is pointed out.

Another factor in poor performance, the study says, is the absence of competition for new systems after the initial designs are accepted. Typically, the Pentagon requires five or so aerospace firms to bid on its original proposal. But typically, it selects one winner on the basis of blueprint papers. The study says that the military could save money and get a better product if it financed two competitors to build prototypes after the design stage. Such a technique was followed, it recalls, with the F-4, a supersonic Navy interceptor. Even though the F-4 employed both a new radar and a new computer, it performed up to the promised standard.

At first glance, such a technique might seem like throwing good money after dubious dollars. But the study contends that if two aerospace competitors are forced to build and fly prototypes before they win the big

prize—the contract to produce a series of planes or missiles—they will be under a genuine incentive to be efficient, hold costs down and make things that work.

Mr. Speaker, recent economic performance indicates the rashness of attempting to achieve simultaneously more guns and more butter. Real growth has been rising, but at a decreasing rate. Unprecedented prosperity is rapidly being eroded by spiraling inflation. And the price for easing inflationary pressures is that of an increase in unemployment—an increase primarily felt by low income, marginal workers. Hobart Rowen vividly illustrates the current situation in his column published in the January 19, 1969, Washington Post, which follows:

#### NUCLEAR ARMS RACE

(By Hobart Rowen)

With this year's Budget document and Economic Report, an era comes to an end. This was the period of the "New Economics," dominated by reliance on fiscal policy—that is, changes in tax and expenditure programs to offset ups and downs in the private economy.

It was the era of Walter Heller and David Bell, Kermit Gordon and Charles Schultz, Gardner Ackley and James Tobin, Arthur Okun and Charles Zwick.

In their eight years, as Okun's swan song Economic Report said this week, there has been an "unparalleled prosperity." But it is a record tainted, as the Report concedes, by continuing poverty for 22 million persons, and an uncomfortable inflation for all.

The grand design of the New Economics came apart at the seams in 1965, when Mr. Johnson decided that he could fight a major war in Southeast Asia without raising taxes.

It couldn't be done, as almost all of his own advisers told him. But LBJ's 1965 insistence (amended much too late) that the U.S. could have "guns and butter" is at the root of the present-day inflation. Mr. Johnson's bitter denunciation of Congress as the villain is a transparent attempt to re-write history.

The mistakes of 1965 are behind us. But there may be in the making a parallel and equally portentous decision—and this one has been shielded by the tiny surpluses shown in the 1969 and 1970 budget projections.

In summary, President Johnson has substantially quickened the pace of the nuclear arms race in his new Budget, but it hasn't gotten through to the public because spending for Vietnam shows a reduction for the first time.

The over-all Pentagon budget, therefore, is only fractionally increased. But within the grand total, non-Vietnam spending programs are up by \$4 billion, a good part of the increase being for the Poseidon—the sophisticated missile that can carry up to 10 hydrogen bombs, each of which can be ticketed for a separate city, and for the Sentinel antiballistic missile system.

Still another "strategic" weapons increase stems from the Johnson Administration decision to let the Navy embark on construction of a whole new class of nuclear attack submarines, a multi-billion plunge spread over the next several years. This puts the Nation on the track to more than 100 nuclear attack subs.

The implication of all this, it seems to me, is clear. All of the nice theorizing by the Post-War Planning Committee (as published in the Economic Report) on what to do with the money saved on Vietnam is a fruitless exercise if the Pentagon gobbles all of it up.

Former Budget Director Charles L. Schultz warned in a Washington Post article January 12 that this might happen in a Nixon Ad-



ministration. What the Johnson Budget suggests, I believe, is that the pressure from the military to "make up" for the budget program it "loses" at the Vietnam peace table has already begun.

It would probably be over-stating it to say that the Johnson budget bureau had let the military budget slip out of its control. But this could happen in the next round.

Coming up for discussion early in the Nixon Administration will be vastly stepped-up ABM expenditures; a manned bomber program; an undersea launch program; and a brand-new advanced nuclear missile. The Navy shipbuilding program, already putting enormous pressure on shipyards, could balloon upwards.

During the closing stages of the campaign, Mr. Nixon made clear that he believed that our military forces had to be built up. Defense Secretary Melvin Laird has more recently echoed this sentiment.

The economic implications are staggering. A new arms race (surely, the Russians will not be content to cut their weapon output while we boost ours) means either a continuance of high taxes to pay the freight (to prevent a repetition of the mid-1965 mistakes) or a continued neglect of the pressing problems of the cities. Or, an uncontrollable inflation.

Paul McCracken, as he moves into Arthur Okun's chair at CEA, and Robert Mayo, as he slides into Zwick's hot seat at the Budget Bureau, have their work cut out for them. I wish them a lot of luck, which they'll need.

Mr. Speaker, significant, far-reaching congressional attention is imperative to control the ever-expanding grasp of the military complex. I suggest immediate action in three specific areas:

First. The defense budget must undergo severe paring. Congressional Quarterly pointed out where more than \$10 billion could be cut without impeding national security. In addition, there can be major reductions made in many of our graft-producing commitments to South Vietnam, in the overall military aid program, and in other controversial ventures such as the newest of our flying boondoggles, the C-5 supertransport.

Second. Current military practices need revision to eliminate undue profiteering and wastage by defense contractors. Again, a prime example is the C-5 which will probably end up costing around \$5 billion—about twice as much as originally projected.

Two weeks ago, I joined my colleague the gentleman from Texas (Mr. GONZALEZ) in an effort to prevent future excess profiteering through a bill calling for expansion of Renegotiation Board activities and a resolution which would create a special committee to conduct an investigation and study of procurement and construction for the national defense and national space programs.

Third. Revised military manpower programs must be enacted. In his budget message, President Johnson requested that a fair and impartial random selective service be established. I agree with Mr. Johnson that Congress should move quickly to institute such a system. But I accept the improved system only as a stopgap. A shift in total manpower concepts is needed, and, once again, I will soon introduce legislation to provide for the early transition to a full voluntary military manpower procurement system.

Congressional examination of just the

three areas I have mentioned will be of great value. National security and national priorities are highly interrelated. Danger exists when so-called defense demands engulf all other programs. Unfortunately, this has been too evident over the past 3 years. There is little inspiring in the new administration which causes me to think that improvement is imminent. And, yet, our dilemma, if left unchanged, will grow even more serious and tragic. The stakes in the arms race game are too high to let the situation fester. Security is not just an American problem, it is global, and the outcome of any current military expenditure decisions will have an effect on the entire human race.

#### IT IS TIME TO REVIEW THE INCOME TAX STRUCTURE

(Mr. FASCELL asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, most of the Federal income tax forms for reporting last year's incomes have now been delivered, and we taxpayers will soon have to face up to wrestling with the income tax rules and regulations, and with the complications of the tax return forms.

Over the past several years, as chairman of the Legal and Monetary Affairs Subcommittee of the House Committee on Government Operations, I have directed the subcommittee staff in various efforts to obtain simplification of income tax forms and procedures, with the twin objectives of making the tax collection process less expensive to the Government and, of equal importance, trying to make it easier for taxpayers to comply with the income tax laws.

The Internal Revenue Service has taken a real interest in these objectives, and some of its forms have been improved, as have some of its procedures. The big hurdle to greater simplification, however, is the fact that over the years there have been written into the income tax laws a great number of special deductions, credits, exclusions, exemptions, and preferential rates. The total of such special income tax treatment has complicated the income tax forms and procedures to the extent that they present severe difficulties to the average taxpayer.

They also result in harsh inequities in the sharing of the overall tax burden. In recent testimony before the Joint Economic Committee, then Secretary of the Treasury Joseph W. Barr very forcefully made that point. For example, he alluded to the fact that in 1967 there were 155 Federal income tax returns which reported adjusted gross incomes of over \$200,000 but on which there was not one cent of Federal income tax due. Twenty-one of these showed incomes of over a million dollars each, and yet none paid any income tax. Tens of millions of middle-class families and individuals, however—those with incomes between \$7,000 and \$20,000—had to pay taxes based upon the full ordinary rate with no advantage from special tax benefits that have been written into the laws.

This middle-income group pays over

one-half of the total individual income taxes that are collected, a highly disproportionate burden to that borne by many who should be in the upper brackets. The incongruous result is that this middle class of taxpayers bears its share of the full tax load, and then some. Their tax burden is increased because they must also contribute to the support of the upper-income groups who pay little or no taxes because of the preferences granted in the law. And on top of it all, the 10-percent surtax.

The inequities in the law, according to Secretary Barr, may bring about a middle-class revolt against income taxes—"not because of the amount of taxes they must pay but because certain provisions of the tax laws unfairly lighten the burdens of others who can afford to pay." He said that not only are they concerned; they are angered about the high-income recipients who escape their fair share of the income tax burden.

Most of the provisions which cause inequities were put into the law to achieve some social or economic objective; standing alone, each undoubtedly seemed to possess some special merit when it was adopted by the Congress. Too often, however, they have constituted "loopholes" through which those who are well able to carry their fair share of the tax burden have escaped doing so.

All of this points to the need for a careful study by the Congress of the whole income tax structure. Undoubtedly there are valid reasons for retaining some provisions which may seem to afford preferential treatment to some taxpayers, but they should be reexamined to make sure that that is the case. The primary goal in revising the laws should be fairness, with the accent on balancing the equities for all taxpayers across the board. A predicate for such a general review of tax laws has been laid in the work that has been done at the Treasury Department over the last 2 years on tax reform proposals. This would also be a wonderful opportunity to simplify all the paper work that has to be done in reporting incomes and in computing the taxes due.

An excellent summary of Secretary Barr's testimony appeared in the Wall Street Journal on January 20, 1969, which I am bringing to the attention of all Members by inserting in the Record at this point:

**TREASURY CHIEF WARNS OF TAXPAYER REVOLT, CITES \$50 BILLION A YEAR IN PREFERENCES**

WASHINGTON.—Warning that a middle-class "taxpayer revolt" might lie ahead, Treasury Secretary Barr disclosed a department study singling out some \$50 billion a year in tax preferences under current laws.

In stressing the immensity of revenue losses because of existing special tax benefits, Mr. Barr appeared to be seeking to stir support for the Treasury's forthcoming reform proposals as well as striving to stiffen resistance to the additional tax incentives promised by President-elect Richard Nixon. Testifying before the Congressional Joint Economic Committee, Mr. Barr asserted the revolt "will come not from the poor, but from the tens of millions of middle-class families and individuals with incomes of \$7,000 to \$20,000." Such citizens are "angered," Mr. Barr said, about wealthier persons who "pay little or no Federal income taxes" because they can take better ad-

vantage of special legal provisions. The existence of the 10% income-tax surcharge, he added, has "made many taxpayers more aware of the inequities in our present tax system."

The extreme cases, Mr. Barr said, are indicated by the 155 tax returns in 1967 that showed incomes above \$200,000 with no Federal income tax liability, including 21 from persons whose incomes exceeded \$1 million each. Major reforms to improve the fairness and simplicity of the tax laws are needed, he argued, because "public confidence in our income-tax system is threatened."

#### STILL-SECRET PACKAGE

A proposal to assure that wealthy persons pay some tax even if all their income is from such tax-exempt sources as interest on municipal bonds is considered a likely part of the Treasury's still-secret package of reform ideas. Mr. Barr said an agreement had been worked out for the House Ways and Means Committee to obtain a copy of the reform study from Treasury Secretary-designate David M. Kennedy, and then to make the contents public, presumably within a week or two.

In the meantime, Mr. Barr released a study based on Assistant Treasury Secretary Stanley S. Surrey's concept of "tax expenditures," which is intended to show that deductions, exemptions and the like, which reduce revenue have the same impact on the Government's budget as a dollar of spending to achieve the same purpose. In some cases, Mr. Barr said, these tax expenditures surpass the amounts spent by the Government on related programs.

The most costly category of tax expenditures, the report showed, is in the health and welfare field, where estimated revenue losses of \$19 billion would equal 36% of Federal spending. Among the items included are \$2.2 billion of revenue loss through permitting deductions for charitable contributions, \$10 billion through the extra exemption for blind persons, \$3 billion through exclusion of private employers' pension contributions and \$1.5 billion in medical expense deductions.

#### GRADUAL END TO PREFERENCES

The Treasury isn't expected to ask that anywhere near all the tax benefits that it has identified be ended, of course. And aides emphasize that many of its proposals will provide for a gradual rather than an abrupt end to preferences.

One likely target is the "multiple surtax exemption" which permits the first \$25,000 profit of each corporation to be taxed at a 22% rate compared with the regular rate of 48%. Treasury strategists are understood to want this rate limited to small businesses and will likely seek some way to keep large corporations from attaining it for each of many separately incorporated subsidiaries. The total tax drain through this provision the study shows, is about \$1.8 billion a year.

This and other tax benefits in the commerce and transportation area, the department figures, will cost the Government about \$9.7 billion in the next fiscal year, or \$700 million more than budgeted spending in these fields. Among the other tax expenditures in the grouping, the report shows, are \$2.3 billion for the 7% equipment-investment credit, \$500 million in excess depreciation on buildings, \$600 million in excess bad debt reserves of financial institutions, and \$1.3 billion through deductibility of interest on consumer debt.

#### NOT SURE OF AMOUNT

Allowing the oil, gas and other "extractive" industries to use percentage depletion methods deprives the Treasury of about \$1.3 billion a year, the department stated. This is the sum the Treasury figures it would collect if depletion deduction were limited to actual

costs rather than to flat percentages of gross income. The highest percentage depletion allowed is 27.5% for oil and gas; although this has long been a target of liberal criticism, the Treasury isn't expected to request any major change in this practice.

The reduced rate of tax on capital gains is costly, too, the Treasury says, but added that the matter is so complex it isn't sure whether the sum is nearer to \$5.5 billion or to \$8.5 billion a year. Generally, gains from the sale of capital assets—such as common stocks—are taxed at a rate no higher than 25%, provided the assets were held more than six months.

One aspect of this treatment known to anger Treasury planners is that if the owner of a stock that has risen in value dies, the gains tax doesn't apply to the appreciation which would have been taxable if the property were sold just before death. The heirs who receive such appreciated property are taxed, if they later sell it, only on the further gain during the time they owned it, the Treasury said, so that "appreciation on assets held until death is never" subjected to the income tax. However, the value of an estate, including any such capital gains, is subject to Federal inheritance taxes.

At current capital gains rates, it said, this practice costs the Government \$2.5 billion annually. If such income were taxed at regular rates, it added, the cost works out to \$4 billion.

Among many other deeply entrenched tax preferences cited, with their annual costs to the Treasury, were these: Exemption of interest on municipal bonds and deduction by homeowners of local property taxes, \$1.8 billion each; exclusion of certain veterans' pensions, \$700 million; exclusion of employer-paid premiums on group life insurance and medical insurance, and employer payments for medical care, \$1.5 billion; exclusion of interest on the savings element of regular life insurance policies, \$900 million; the additional personal exemption and other features favoring the elderly, \$2.3 billion, and home-mortgage interest deductions, \$1.9 billion.

In other tax developments, Mr. Barr spoke favorably of suggestions that the U.S. create a system of border taxes on imports and rebates on exports, and the Treasury formally asked Congress to extend for two years past its July 31 expiration the interest-equalization tax on Americans' purchases of foreign securities from foreigners.

#### THE FUTURE OF U.S. PUBLIC DIPLOMACY—V

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, I am taking the floor this morning to call to the attention of my colleagues in the House, and to place in the Record, a series of editorial comments on my subcommittee's report on "The Future of U.S. Public Diplomacy."

Released on December 22, 1968, that report has received considerable attention from the American mass media.

It was the subject of news stories or editorial comments in such newspapers as the New York Times, the Washington Post, the Evening Star, the Christian Science Monitor, the Los Angeles Times, the Boston Globe, the Milwaukee Journal, and many others.

It would take too much space to insert all of those comments in the CONGRESSIONAL RECORD. I have, however, selected a few and I would like to commend them to the attention of my colleagues and of

the appropriate officials of the new administration.

Our subcommittee's call for a thorough review of our Government's overseas information activities by a competent, non-partisan group has met with overwhelming support, not only in the media, but also in our various functional communities: business, education, philanthropic activities, and others.

The editorials speak for themselves, as follows:

[From the Boston Globe, Jan. 9, 1969]

#### FOR A NEW FOREIGN POLICY—I

Even before the administration of President-elect Richard M. Nixon takes over Jan. 20, it is already clear that the foreign policy of the United States is in deep trouble, so deep indeed as to suggest that its continued failure is certain unless its direction is changed.

We are not lacking for straws to indicate which way the wind is blowing. The most prominent, of course, is our Vietnam policy and the lack of progress in the Paris talks. But there are plenty more.

One such straw was the capture by North Korea a year ago of the USS Pueblo and its crew—which surely would have been a casus belli in days long gone by—and the crew's release last month, after almost a year's imprisonment and brutal treatment, under the circumstances of an already repudiated apology from the United States that made many think of Alice in Wonderland.

Still another straw bent over in the wind only last week when the Philippines' Carlos P. Romulo resumed office as Foreign Secretary and announced a drastic switch in the foreign policy of a country that has been traditionally friendly toward us.

The United States, he said, was no longer dependable as an ally, and the need of both American bases and the Philippines' military alliance with us must now be questioned. The basic reason for this change, he said, was that "After Vietnam, I do not think the American people will ever again consent to involving their troops in Asia." Most Americans would surely say "Amen" to that.

But perhaps Mr. Romulo's most important statement was that in both Cuba and Vietnam the United States had been unable to use its super-strength (a fact that Gen. Charles de Gaulle used in October 1962 to change France's foreign policy).

"After World War II," said Mr. Romulo, "we thought in terms of the bipolarization of the two superpowers, the United States and Russia. . . . Now . . . the big power polarization has been fragmented, and the giants cannot use the strength of giants."

It could be argued that Mr. Romulo spoke for only one relatively small country. But the disquieting fact is that his opinion is shared in almost every other country on earth.

Only last month, after lengthy hearings, a subcommittee of the House Committee on Foreign Affairs issued a 175-page report on "The Future of United States Public Diplomacy." Of our image abroad it said "The U.S. reputation has become tarnished during recent years. Public attitudes toward our country are now reported to be at a 50-year low. Fewer people abroad consider the United States as their best friend. . . . And fewer have trust and confidence in the ability of the United States to provide wise and steady leadership in the current world upheaval."

The nation needs, then, both to ask itself why this has happened and, with a new administration taking over, to make the changes that are necessary. They will be discussed in a later editorial.

[From the Boston Globe, Jan. 11, 1969]

#### FOR A NEW FOREIGN POLICY—II

Why has the foreign policy of the United States become so ineffective? The recent re-

port of a subcommittee of the House Committee on Foreign Affairs says that "three factors are generally credited with responsibility" for the low esteem in which our country is held abroad.

It said they are: (1) the Vietnam war; (2) our race problem; and (3) crime and lawlessness. Of the three, Vietnam has had the greatest impact on public opinion abroad... U.S. withdrawal from Vietnam is urged even in countries which have depended on this country to protect them against Communist aggression. A recent poll conducted in four leading countries of Western Europe revealed that an absolute majority... favored that course—regardless of a possible Communist takeover in Vietnam.

The report was concerned more with our image abroad than with our policy itself, its hearings having been held on "Winning the Cold War: The U.S. Ideological Offensive." Thus circumscribed, it could point only to surface indications in urging repair of our "image." It said we should "accept the fact that foreign policy begins with domestic conduct," and that we must learn to listen to others abroad and to speak more effectively to them.

Yet in its recommendations it made a point, albeit for a limited purpose of strengthening the U.S. Information Agency, that shows the path to a far more significant needed change in our policy.

The report said: "There are four main channels of foreign affairs: diplomacy, trade, communications—and force. The first three are complementary, the fourth an alternative. Today, the United States spends 95 percent of the resources devoted to foreign affairs through the fourth channel; only 5 percent through the other three. Isn't it about time to start changing that ratio?"

This last question is important, and not merely because expending more of our resources on diplomacy, trade and communications is the good idea that it is. The question is important because it throws light on what is wrong with our foreign policy and on how it should be changed.

Our foreign policy, like that of every large nation, has in the past been based implicitly on force. This may have been valid enough in an earlier period when superior force could carry the day, although at the cost of wars that became ever larger and more costly. But something has happened in this nuclear age that has changed all that.

For among the long accepted, "immutable" natural laws that have had to be changed along with the advent of the theory of relativity and the splitting of the atom is the law that physical force counts for everything.

Only the wisest of men perceive today that events have repealed this law. It is true, but hard for most men to understand, that the nuclear armaments that cost so many billions and were supposed to guarantee invincible superiority have, without even being used after Nagasaki, canceled each other out of the picture. All that remained was for the nuclear emperor to be told he had no clothes on, and that is now being done.

Thus we have Jerome Wiesner, provost of M.I.T. and former science adviser to Presidents Kennedy and Johnson, and Adam Yarmolinsky, former assistant to the Secretary of Defense and now a Harvard professor, arguing in the current issue of "War/Peace Report" that with second strike capability there is no such thing as nuclear superiority, and that in consequence, even limited wars between the superpowers are no more practical than nuclear wars.

The question of how the makers of our foreign policy can adapt to this relativistic and truly revolutionary change will be discussed in a later and concluding editorial.

[From the Los Angeles Times, Dec. 24, 1968]

CONGRESS STUDY OF U.S. "IMAGE" URGED  
Ironically, as the North Koreans sought to extract maximum propaganda value from

their release of the Pueblo crew, certain congressmen were broaching a plan for a bipartisan look at the U.S. "image" abroad.

The two matters are purely coincident, of course, but their juxtaposition brings up a fundamental question:

To what degree should a world power like the United States concern itself with that ephemeral thing called "image?"

We are a nation of 200 million citizens, only a relative few of whom are politicians. It is nice to be loved by our global neighbors. But it is not essential either to our well-being as a republic, or to the fulfillment of our mission as a civilized country.

The House Foreign Affairs subcommittee wants mainly to assess the U.S. Information Agency, its policies and procedures, to ascertain whether the USIA is doing its best to enhance our popularity abroad.

Rightly, the House group notes that we spend 95 cents for force, and the hardware of force, compared with 5 cents for diplomacy, trade and communications out of each dollar spent on foreign affairs.

To be respected should be the real concern of our national leaders. If we can achieve popularity during the course of fulfilling our Free World mission, so much the better. But popularity is not the goal.

Any analysis of the USIA, therefore, must concern itself with whether that agency is making our mission clear. Both the inquiry, and the USIA, will be immeasurably assisted if our national purpose is understood at home—before we strive to clarify it abroad.

That seems a prime task for the incoming Nixon Administration.

[From the Cleveland (Ohio) Plain Dealer, Jan. 14, 1969]

#### IMPROVE U.S. PUBLIC DIPLOMACY

Leaders in the executive and legislative branches of the federal government should give early and earnest attention to the report on "The Future of United States Public Diplomacy" made three weeks ago by a House foreign affairs subcommittee.

As of right now, that future does not appear bright. The tarnished condition of the American image abroad reflects the dull state of U.S. public diplomacy. The foreign affairs subcommittee concludes that something must be done about it.

Unlike high-level, striped-pants diplomacy, public diplomacy relates to the practices of communicating directly with the peoples of other countries, of seeking their understanding and of cultivating their opinions. In a world constantly made smaller by improvements in communications technology, skill in public diplomacy is required of a world power that wants to retain its position of leadership.

The House subcommittee based its assessment of the poor state of U.S. public diplomacy on testimony from a broad representation of experts in communications and diplomacy. In reaching its conclusions the subcommittee drew heavily upon the most recent report from the U.S. Advisory Commission on Information, which exercises a watchdog function over the operations of the U.S. Information Agency.

Three of the questions posed by the commission concerning USIA's mission are especially pertinent to the larger question of how to advance the art of U.S. public diplomacy. They are:

Should USIA have a hand in information dispersal for government agencies beyond the Department of State? Should USIA be more than an arm of foreign policy? Should USIA play a role in influence of policy as well as its execution?

Toward improvement of U.S. public diplomacy, the House subcommittee recommends that a thorough, systematic reappraisal of the entire information policy of the government be undertaken—preferably by a bipartisan commission of outstanding national leaders and experts in communication and

in the social sciences. It calls for wholehearted support for the project from the executive and legislative branches of government.

The call should be heeded.

#### "NEW BUDGET CONCEPT" AND OBSERVATIONS THEREON

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

Mr. MARSH. Mr. Speaker, last Thursday, I took the floor of the House to point out that the actual operating budget for the Federal Government for fiscal year 1970 was in deficit by nearly \$7 billion, according to the figures presented by the outgoing administration and contained in documents accompanying the budget.

As I mentioned at that time, the surplus that was shown occurs in the "New Budget Concept," which includes in the gross receipts of the Federal Government the sums collected in the trust funds, such as social security.

I realize that the statement that the budget is actually in deficit does surprise many people, and there may be others who point to the "New Budget Concept" to refute what I said. However, let me point out to the membership this further observation: Unless there are substantial reductions in the spending proposed in the budget presented to the Congress by the outgoing administration, or unless there is some unexpected contingency by way of windfall that would reduce this spending, my information is that it will be necessary, later this year, for the Treasury to request legislation to increase the national debt limit, even if the 10 percent tax surcharge is extended.

In support of what I have just said, about increasing the national debt limit, I quote to the membership a statement contained in President Johnson's budget message of January 15 of this year, and appearing on page 26 of the publication, "The Budget of the United States Government," wherein it is stated:

It may be necessary, therefore, within the next few months, to revise the present debt limit. Even if this does not prove necessary at that time, the need for such action will, in all probability, arise next fall, when budget receipts will be seasonally low.

Mr. Speaker, if the budget is in balance with a surplus, why, then, would it be necessary to increase the national debt?

#### THE FARMERS HOME ADMINISTRATION'S INSURED LOAN PROGRAM FOR WATER AND SEWER SYSTEMS

(Mr. SKUBITZ asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SKUBITZ. Mr. Speaker, today I have introduced legislation which I hope will permit the Farmers Home Administration's insured loan program for water and sewer systems to function again as the Congress intended.

The Congress, in its wisdom, created this program to assist rural communities in providing adequate water systems and sanitary sewer systems. This program



provides for grants, direct loans, and insured loans from the Farmers Home Administration of the Department of Agriculture.

However, Mr. Speaker, in July of 1966, the Treasury Department put a virtual stop to the insured loan portion of this program on the grounds that the private investors in local government bonds did not have to pay Federal income tax on the revenue received on the bonds they purchased. This exemption is provided by our Federal Income Tax Statutes. The Treasury Department has taken the position that the insured loan program has given an unwarranted tax break to these investors who generally are in the high income tax bracket in the first place.

Mr. Speaker, whether we agree with the Treasury Department's position or not, the fact is that the small community water and sewer program has been dealt a cruel and harsh blow. There are 30,000 of these small rural communities which desperately need financial help to construct a water system, and there are some 40,000 that urgently require waste disposal systems. Something must be done quickly to revive this vital FHA-insured loan program.

My bill would let the Farmers Home Administration buy tax-exempt bonds from small towns or public districts at interest rates not to exceed 5 percent. FHA then would resell these loans to private lenders, who would receive the higher insured loan interest rate from the Farmers Home Administration. The bonds would retain their tax-exempt form; but under separate agreements with the Farmers Home Administration insuring their investments, the private lenders would agree to pay income tax on their interest received from FHA.

In practical effect at the U.S. Treasury, there would be no net outlay by the Government. The difference between FHA's interest received from the local public body, and its interest paid to the private lender, would be offset by the lender's Federal income tax payments. In fact, the following figures, based on insured loan interest rates in force this fiscal year, show that the Government could more than offset its initial deficit:

First, FHA would collect 5 percent interest from the local public body. This would amount to \$5 million on every \$100 million of rural water and sewer system financing.

Second, FHA would pay an estimated 6 percent interest to a private investor for funds to cover the loan. Temporarily this would incur a net deficit of \$1 million for every \$100 million of financing.

Third, Assuming, as has the Treasury Department, that private lenders on the average would be in the 50-percent income tax bracket, lenders would pay \$3 million income tax on the \$6 million of interest earned from investments totaling \$100 million. This tax would be \$2 million more than FHA's deficit from the first two transactions described above.

Fourth, The Government thus would net \$2 million a year on every \$100 million worth of such financing accomplished through the Farmers Home Administration.

Mr. Speaker, I hope that the Congress

will act on my bill at the earliest possible date. In the period between December 1967 and December 1968, the Farmers Home Administration rejected approximately 3,100 applications for financial help for water and sewer systems. These 3,100 applications involved requests for approximately \$600 million in loans and \$300 million in grants—almost a billion dollars.

In my State of Kansas alone, 49 water system applications, requesting about \$6.3 million were rejected because of insufficient funds during that 1-year period. Sixteen sewer applications, requesting about \$1.1 million suffered an identical fate.

Mr. Speaker, one of the best things that has ever happened in rural America was the extension of electricity to our farms made possible by the Rural Electrification Act of 1936. In 1935 much of the Nation's rural areas did not have central station electric service and fewer than 11 percent of our farms had this type of service. Today, over 98 percent of rural America enjoys the benefits of electrical service. Rural electrification has helped to preserve rural America.

Mr. Speaker, rural America desperately needs to have adequate water and sewer systems. Unless the financial avenues are open to the thousands of communities that need new water and sewer systems, I fear that the end result will be the desolation of these communities and an ever-increasing exodus of their residents to our already overcrowded metropolitan areas.

Mr. Speaker, the citizens of rural America are entitled to good water and sewer systems the same as their friends in the city. This insured loan program is not a giveaway program—it makes loans which must be paid back. The Farmers Home Administration has an outstanding record in this program. Losses as a result of the insured loan program are minute indeed.

Mr. Speaker, the legislation which I have introduced is of vital importance to the well-being of thousands of our fellow citizens in rural America.

#### TOP-LEVEL PAY INCREASES SHOULD BE DISAPPROVED

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

Mr. FOREMAN. Mr. Speaker, today I am introducing two House resolutions designed to bring about the rejection and defeat of the increased pay recommendations proposed by former President Johnson for Members of Congress and the top officials of the executive and judicial departments.

The first resolution reads as follows:

Resolved, That the House of Representatives hereby disapproves all of the recommendations of the President of the United States, with respect to the rates of pay of offices and positions within the purview of subparagraphs (A), (B), (C), and (D) of section 225(f) of the Federal Salary Act of 1967 (81 Stat. 643; Public Law 90-206), transmitted by the President to the Congress in the budget for the fiscal year ending June 30, 1970.

I introduce this resolution so that the Members of this House of Representatives may be allowed the forthright opportunity of expression to totally and completely reject this unwelcome, unnecessary and costly bill—particularly at this most crucial time of high defense, domestic, and other necessary spending.

At a time when the taxpayers are being socked in the pocketbook for an additional 10-percent surtax charge to pay the bill for the outrageously high cost of government, it is unreal and unconscionable to propose these pay increases.

We have asked the people across America to tighten their belts, we have asked the unions to relax their demands for higher wage increases and benefits, we have asked the suppliers and manufacturers to hold the line on prices—all this we have asked in order to try to hold down the dangerously increasing upward inflationary spiral in this country.

I respectfully suggest that it is our solemn, undeniable responsibility to set forth the example ourselves, gentlemen. We should set the example that we will, indeed, practice what we preach—the example of holding the purse strings tight against unnecessary spending, so that we can work toward a restoration of economic stability in this troubled land of ours.

Because I have doubt that the House Post Office and Civil Service Committee will favorably report my first resolution to the House floor for a recorded vote, I am also now introducing a second resolution, which I trust will go to the Committee on Rules, for the purpose of bringing the first resolution directly from the Civil Service Committee to the floor for a vote.

The second resolution reads as follows:

Resolved, That immediately upon the adoption of this resolution, the resolution (H. Res. 133) to disapprove the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1970, hereby is taken from the Committee on Post Office and Civil Service, and the same is hereby agreed to.

#### THE PRESIDENTIAL SALARY INCREASE

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

Mr. SKUBITZ. Mr. Speaker, on January 6, 1969, this body enacted legislation increasing the salary of the President of the United States from \$100,000 to \$200,000. No hearings were held on this proposal. I do not recall that any of the candidates for this high office complained about the President's salary. I am sure that each of them knew what the position paid before they announced their candidacy. I have no knowledge that President Nixon urged this legislation. Efforts to secure a rollcall vote were defeated, hence the record does not show how Members would have voted if given an opportunity.

At this time, every Member knew that this was a prelude for a 39-percent increase for Members of Congress, judges,

Cabinet members, and other high echelon officials in the Government. Whether increases in salary are justifiable or merited is not the question. At a time when we should bend our efforts to stop inflation, it ill behooves this body to vote a 39-percent increase in salary for itself; a 50-percent increase for the President, and comparable increases to all executive and judicial officials, and then ask labor to hold the line.

On January 16, I introduced H.R. 139 for myself and the gentleman from New Jersey (Mr. HUNT) which if adopted would disapprove all of the recommendations submitted by President Johnson with respect to salary increases.

The Members of this body should be willing to get "on the line." The people are entitled to know how their chosen representatives voted.

#### NO COMMIES IN NATION'S DEFENSE PLANTS

(Mr. QUILLEN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. QUILLEN, Mr. Speaker, I have reintroduced my joint resolution to prohibit Communists from working in the Nation's defense facilities.

This resolution, which I first introduced in December 1967, proposes an amendment to the Constitution of the United States which would authorize Congress to "establish conditions of employment in any facility which Congress determines is essential to the national defense."

A Supreme Court decision in December 1967 struck down the portion of the Subversive Activities Control Act of 1950 which prohibited the employment of members of Communist-action groups in defense facilities.

The Court held in its 6-to-2 decision that the statute is an unconstitutional abridgement of the right of association protected by the first amendment, and opened the doors for the hiring of Communists and those who would advocate the overthrow of our Government in defense facilities.

I am still outraged by the Court's action, and I am more determined to overrule this deplorable decision. I am going to do everything in my power to accomplish this either by statute or by the constitutional amendment route.

I have asked the best legal brains in Washington to come up with some very tight legislation which would stand up under court tests. At the same time, I feel that my constitutional amendment will get something rolling in this session.

My resolution clearly states:

Resolved, that . . . Notwithstanding the provisions of the first article of amendment to the Constitution of the United States, or any other provision of this Constitution, Congress shall have the power to establish, by law, conditions of employment in any facility which Congress determines is essential to the national security, including, but not limited to, the condition that no person shall be employed in such a facility who becomes or remains a member of any organization which advocates, advises, or teaches that the Government of the United States or of any State, District, territory, or possession thereof (in-

cluding any political subdivision therein) should be overthrown or destroyed by force or violence.

I feel that the language of this amendment will make it clear once and for all that Congress does have the authority to establish these conditions of employment.

My resolution was referred to the House Judiciary Committee but no action was taken during the last session of the Congress, but I am hopeful that prompt action will be taken in this session.

It is shocking to me to realize that this resolution floundered in the committee for 1 whole year while at the same time our men are dying fighting Communists in North Vietnam, while at the same time we throw out the red carpet to them in defense facilities here in the United States.

I am including the text of my resolution at this point in the RECORD in the hope that my colleagues will follow suit and introduce the same measure:

H.J. RES. —

Joint resolution proposing an amendment to the Constitution of the United States relating to employment of subversives in defense facilities

Whereas in the Subversive Activities Control Act of 1950 Congress found that there exists an international Communist movement which by treachery, deceit, espionage, and sabotage seeks to overthrow existing governments; that this movement operates in the United States through foreign dominated Communist-action organizations; that these organizations are made up of rigidly disciplined adherents operating in secrecy and employing espionage and sabotage tactics in form and manner evasive of existing law;

Whereas Congress further found that the security of the United States required the exclusion of Communist-action organization members from employment in defense facilities and provided for means of preventing and punishing such action;

Whereas the Supreme Court of the United States in the case of United States against Eugene Frank Robel has virtually destroyed the right of the United States to protect itself from these activities; and

Whereas the right of association, a judicial construction not mentioned in the Constitution, should not be used as the basis for overriding the national security: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution only if ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission to the States by Congress:

"ARTICLE —

"Notwithstanding the provisions of the first article of amendment to the Constitution of the United States, or any other provision of this Constitution, Congress shall have the power to establish, by law, conditions of employment in any facility which Congress determines is essential to the national security, including, but not limited to, the condition that no person shall be employed in such a facility who becomes or remains a member of any organization which advocates, advises, or teaches that the Government of the United States or of any State, District, territory, or possession thereof (including any political subdivision therein)

should be overthrown or destroyed by force or violence."

#### ONE OF THE BEST WAYS TO FIGHT INFLATION AND PLUG TAX LOOP-HOLES: REPEAL THE 7-PERCENT INVESTMENT TAX CREDIT

The SPEAKER. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 30 minutes.

Mr. REUSS. Mr. Speaker, I call for the prompt repeal of the 7-percent investment tax credit.

Both the outgoing and incoming administrations have set forth their intention to impose a continuation of the 10-percent-tax surcharge for the year beginning July 1, 1969, calculated to raise \$9 billion of revenue. The stated purpose is to fight inflation.

If the administration is looking for an aspect of the tax structure to change in order to fight inflation, it would do much better to zero in on the 7-percent investment tax credit. The 7-percent investment tax credit currently causes a budgetary loss—and hence an increased deficit—of some \$3 billion annually. It concentrates inflationary spending power on precisely that portion of the economy that is already most overheated—the capital goods sector. And, having stimulated inflation in the capital goods sector in the first place, it creates a second round of inflation by causing business to hasten to invest before inflation drives up capital goods prices even further.

Nor is this all. In order to damp down the inflation caused in considerable part by the investment tax credit, the country's monetary authorities are currently engaged in a policy of restricting money and credit and raising interest rates. The purpose of the tight money policy is to slow inflation, mainly in the capital goods sector. Unfortunately, tight money and high interest rates fall upon the just and unjust alike. The business firm that overinvests in capital equipment may have to pay high interest rates, but it is bountifully subsidized by the Government through the investment tax credit, and is thus largely insulated from the effects of interest rate increases. Meanwhile, the three segments of the economy that suffer most from tight money and high interest—the housing industry, State and local government, and small business have no investment tax credit to rescue them from the effects of tight money and high interest rates.

Let us now examine in detail the origin, nature and effects of the investment tax credit, and why it should be repealed.

Throughout the Economic Report of the President, filed in mid-January by the outgoing administration, there is repeated emphasis on the need to take such steps as are necessary to bring the present inflation under control. The President said, and I quote:

The immediate task in 1969 is to make a decisive step toward price stability. (p. 9)

At another point he said:

The challenge to fiscal and monetary policies this year is difficult indeed. Enough re-

straint must be provided to permit a cooling off of the economy and a waning of inflationary forces. But the restraint must also be tempered to ensure continued economic growth. We must adopt a carefully balanced program that curbs inflation and preserves prosperity. (p. 7)

Secretary of the Treasury David M. Kennedy, last week, likewise called for "decisive action, because inflation is undermining both the foundation of our prosperity and our balance-of-payments position."

I am not at all surprised to be told that there is still much work to be done if we are to bring inflation under control. Last July, speaking before this House on the subject of inflation, I said:

Nor can we lightly assume that the torrent of price boosts will come to a quick end as a result of the recent enactment of a combination tax increase and spending reduction. There is an almost universal view among experts that the present inflation will continue for as much as another year or two. Indeed, many claim that it will not even begin to slow down seriously for another six months or more. . . .

Changes in prices are somewhat like a fever in the human body—both are signals that the organism is out of balance. Both maladies can be cured, but only if there is a correct diagnosis as to the cause and if the right medicine to deal with that cause is administered in time.

Subsequent events have amply borne out expectations of last July. The cooling off of the inflationary fever has been slow to get underway. In part our problem may well be that the fiscal package has not been the best balanced package that we could have designed to attack the inflation. To the extent that there was a very rapid rise in Government expenditures and a substantial budget deficit that helped trigger the inflation, the package of restraints encompassed in the Revenue and Expenditure Control Act of 1968 operated in the correct direction.

#### INVESTMENT HAS OUTRUN CAPACITY TO CONSUME

But a big part of the inflation also comes from the excessive rates of investment, which have been generating a steady increase in idle industrial capacity. According to figures compiled by the Research Division of the Federal Reserve System, manufacturers, who had been operating at 90 percent or more of capacity during 1966, were down to 83.4 percent 2 years later in the third quarter of 1968. This, despite an increase over the 2 years of 12 percent in real output. Furthermore, the ratio of business spending on plant and equipment to the gross national product has been running over 10 percent in recent years—a level much higher than history would indicate could be sustained over a long period without serious consequences.

Yet, although there is evidence of a mounting tide of idle industrial capacity, surveys of business intentions suggest an increase between 1968 and 1969 of between 6 and 8 percent in spending on new plant and equipment. There is every evidence that business is going to continue to invest at a high rate because of the high cash flow generated by such devices as the 7-percent investment credit and the accelerated depreciation,

compounded by the resulting inflation, which is encouraging them to invest now rather than to wait.

Tax policy should aim at reducing the incentives to continue excess investment when this investment is generating excess capacity and encouraging inflation at one and the same time. Yet the 7-percent tax credit remains in the tax law, apparently sacrosanct. It will be recalled that 2 years ago we experimented for a brief time with a suspension of the investment tax credit, but at the slightest evidence of a slowing down of the economy we repealed the suspension.

The experience with the investment tax credit have amply borne out the warnings made as early as 1961 by the Joint Economic Committee. The committee pointed to the probable destabilizing effects of the investment tax credit and urged caution in its enactment. The committee's cautions were disregarded, and this may explain part of our unfortunate experiences since then with inflation and instability. I will refresh your minds with a few quotes from the earlier comments of the Joint Economic Committee with regard to this tax.

In 1961, in its report on the President's January 1961 Economic Report, the Joint Economic Committee commented in part as follows:

The administration has recommended that the increased revenue from all of the above proposals be offset by granting a tax benefit to business investment. The principal objective of this tax benefit is to stimulate modernization and expansion of plant and equipment. This Committee has frequently indicated the desirability of improving and increasing our private capital, and we believe that expanded private investment is an important national objective. At the same time, however, it is necessary to assess as fully as possible the economic consequences which will stem from the use of the proposed tax-reduction device. (p. 34)

Additional investment is desirable because it can raise productivity and lower costs. If these lower costs are translated into lower prices, consumers can be benefited and total demand for goods and services can be expected to increase. However, the principal inducement to expansion of capital must be the prospect of increased demand for products which capital produces. It may be that a tax incentive to a faster rate of investment will have relatively little stimulus to investment unless final consumer demand failed to keep pace with capacity expansions in the 1955-57 period, as a result of which the Federal Reserve adopted policies to constrain the investment "boom" of that period. (pp. 34-35)

In connection with countercyclical policies, the proposal may tend to accentuate fluctuations in business activity. Investment normally increases in periods of rapid economic expansion. In these periods, therefore, the investment tax credit would provide a greater tax reduction than it would in recessions. These greater tax reductions would occur precisely when we might wish Government revenues to rise, in order to offset inflationary pressures. Also, in an expansion period, the Federal Reserve System may adopt a policy of high interest rates to curb investment, at the same time that the tax structure is providing the greatest stimulus to investment. This was a matter of concern to many observers of the 1956-57 and 1959-60 periods, after the adoption of accelerated depreciation methods in 1954.

In its 1962 annual report to the Congress on the President's Economic Re-

port, the Joint Economic Committee commented on the then proposed 7 percent investment tax credit as follows:

However, we are concerned about the cyclical features of the proposal. It is well known that investment tends to be high in boom periods and low in recessions. The effect of an investment credit will be, therefore, to lower Government revenues in times when revenues should be rising to curb inflationary pressures, and to make Federal revenues relatively higher in recession periods, when Government receipts should be reduced. Moreover, the investment credit will tend to accentuate the instability of investment by encouraging overinvestment in boom periods. This, in turn, may actually retard growth rates. For example, there was a very substantial increase in the rate of investment immediately after the adoption in 1954 of the accelerated methods of depreciation for tax purposes. However, as the report of the Council of Economic Advisers points out, capital stock for the entire period from 1954 to 1960 actually grew at a lower rate than it did in the pre-1954. (p. 43)

An economic analysis of the investment credit will, I am convinced, prove that it contributes to instability in the long term as well as in the short; that it may very well encourage the export of capital; and that it encourages inflationary potentials of the economy whenever the economy tends to approach high employment levels as in recent years.

#### CHARACTERISTICS OF THE INVESTMENT TAX CREDIT

From the standpoint of economic analysis, the salient features of the investment tax credit are: First, a taxpayer earns the right to claim a tax credit by making an investment; second, the credit is equal to 7 percent of the value of each installation of eligible equipment; third, the investment credit is available only on certain types of equipment—section 38 items—not on all types and not on structures; fourth, the amount of credit that can be claimed in any one year is equal to \$25,000, plus not more than 25 percent of the taxpayer's liabilities for the particular year; fifth, unused tax credits in any particular year may be carried back 3 years and forward 5 years; and, sixth, the credit is earned in the year in which the equipment is installed and put in service.

Economic analysis of the effects of the investment tax credit rests on either or both of the two ways through which it is assumed to encourage investment: First, financing of capital outlays is facilitated by the effect of the investment tax credit in bringing about increases in the after-tax internal flows of funds to business firms; and, second, the incentive to investment in new equipment is increased because the tax credit raises the prospective after-tax yield on new capital projects. Although the analysis may proceed in terms of either of these approaches, any thoroughgoing analysis must take both into account.

#### CORPORATIONS HAVE ADEQUATE FUNDS FOR INVESTMENT WITHOUT THE CREDIT

The first or available-funds approach to the investment tax credit assumes that investment in new equipment has been less than would be desirable from the standpoint of productivity and economic growth, and that this resulted from an inadequate flow of funds to busi-



ness to finance additional investment. The truth is that under prosperous conditions the cash flows generated out of current business operations—profits after taxes, plus depreciation allowances—have been fully adequate to finance a high enough level of investment. Indeed, the experience of the mid-1950's indicates that these cash flows were large enough to enable industry to create excess capacity. For example, as you well know, the rate of use of capacity in the 1950's reached its peak in late 1955 and declined in the ensuing 2 years, during which investment remained high and gross national product continued to increase in real terms, though slowly—See "Measures of Productive Capacity," hearings before the Subcommittee on Economic Statistics, May 1962.

Furthermore, a staff memorandum prepared in connection with the committee's hearings in August 1962, on the "State of the Economy and Policies for Full Employment" concluded that the corporate cash flow had been, if anything, high by historical standards, and that the ratio of corporate cash flow to gross national product would be quite high at any time the economy were growing vigorously and resources were being used about in line with optimum full employment conditions. This detailed econometric analysis indicated that when corporate cash flows seemed inadequate, it was because the economy was operating below its potential and/or was growing very slowly. The formula derived in that study showed that about 22 percent of any shortfall of actual gross national product below the full employment potential output would show up in reduced corporate cash flows.

This study was based on relationships prevailing from 1929 to 1950, excluding the war years. It therefore did not take into consideration the accelerated depreciation provisions of the 1964 revision in the Tax Code, nor the more recent revisions in depreciation provisions from 1961 on, and the enactment of the investment tax credit. These more recent provisions obviously produce a cash flow well in excess of what was historically available under preceding provisions. The study, therefore, noted that cash flows began to run above those computed from the formula from 1955 on—See pages 687 and 965, and following pages of the hearings.

In these same hearings in August 1962, the Secretary of the Treasury submitted a Treasury statement which reads in part as follows:

Treasury analyses indicate that, in general, corporate expansion and modernization of productive facilities have not been restricted by any inadequacy in the availability of funds. For most individual businesses and industries there has been a steady growth of funds available from internal sources, particularly from rising depreciation allowances. (p. 680).

I think from the point of view of cash flow, it is probably quite correct to say that business as a whole has not been suffering. \* \* \* But I think it is a perfectly fair statement to say that there is a very real belief among business executives that there is a profit squeeze, and that they have not had adequate profits on sales. And that does affect investment decisions. \* \* \* Now, this belief

may not be entirely accurate, but whether it is accurate or not, it is there, and it is affecting corporate action. (p. 690).

#### INCREASED CAPITAL FLOWS INDUCE FOREIGN INVESTMENT

Before turning to the incentive argument, we must make clear that whether or not there is any shortage of funds for investment, the granting of additional funds via the investment tax credit will have an effect on business policy. Exactly what effect it will have is difficult to predict. Clearly, part of the effect would be via stimulating additional investments, particularly in large firms where availability of funds plays a significant role in the number of marginal projects that is passed up to top managements for consideration.

Part of the effect, however, may well have been to add to the rising outflow of capital into foreign investments by private enterprise. To the extent that the foreign investment formed the outlet for these additional funds, the granting of the investment credit would be a factor in the continuation of the deficits in the U.S. balance of payments and the progressive reduction in our gold reserves. Thus repeal of the credit in the long run will improve the balance of payments.

Finally, the increase in internal flow via the credit might reduce the demand for funds from the banking system for working capital. If we examine the experience of the banking system since the credit was enacted, this latter seems a dubious interpretation. The growth of demand for bank loans has been larger, not smaller than could be accounted for by general business conditions. Though no one can say with certainty, it seems likely that the major effect of the increased flow of funds has been either to increase investment at home or to increase the outflow of funds to investment abroad, the latter effect being a definite detriment to the balance of payments.

#### EXTRA INVESTMENTS INDUCED BY THE CREDIT TEND TO BE MARGINAL

If we accept the evidence of what facts are available and the judgment of the Treasury, any virtues the investment credit has as a stimulus to investment must come largely from its incentive effect via an increase in the after-tax rate of return on new projects. The Joint Economic Committee in its 1962 report on the President's Economic Report considered this possibility and presented evidence indicating that the rate of return in recent years was at the time of enactment of the investment tax credit hardly inadequate by historical standards and, if so, its low level must be due to the high rate of unemployment of labor and capital, rather than any decline in profit margins per se. But as the Secretary of the Treasury pointed out in 1962, the argument in favor of the investment credit was not solely or largely on grounds that the rate of return was inadequate, but on grounds that business thought it was inadequate. We might interpret the device, therefore, as an exercise in industrial psychology, rather than as a response to real economic forces.

Whatever interpretation one takes, however, we must remember in analyzing its economic effects that this tax device raises the after-tax rate of return on all eligible investments without regard to their quality.

This carries a grave question with it. What kind of project is it that businesses are now encouraged to invest in that they are not ready and willing to invest in the absence of the investment tax credit?

If one assumes that businessmen are reasonably intelligent and rational in their business decisions, they must invest in the best paying projects first, and then proceed down the list of available items toward the least desirable. This must mean that in the absence of the investment tax credit businessmen first take up the desirable, well-paying investment projects, continuing down the list until they arrive close to the margin. Here there are questions as to whether each added project will pay an acceptable rate of return after taxes. Thus the investment tax credit tends to encourage businessmen to lower margins of acceptability and to invest in less desirable assets.

In brief, the incentive effect of the investment tax credit encourages private enterprise to invest in projects which it should not be investing in, either from the standpoint of its own long-term rate of return on its invested capital or from the social standpoint of promoting a high productivity economy and rapid economic growth. If this is the case, then clearly the law is encouraging businessmen to do something which they should not do either from the standpoint of general economic policy of the country as a whole or from their own self-interest. One may well wonder whether in this case the Government is doing business a favor, or is leading it astray.

#### THE TAX CREDIT IS AFFIRMATIVELY HARMFUL, IN THAT IT ENCOURAGES INFLATIONARY PRESSURES AT FULL EMPLOYMENT

Thus, on analysis, the alleged benefits of the tax credit vanish into thin air. Funds for investment are adequate without it; and the extra investment it induces, if any, tends to be investment in marginal ventures. But the tax credit is not merely a wasteful \$3 billion a year loophole.

It is affirmatively harmful. As the Joint Economic Committee pointed out in 1962, the tax credit causes the business cycle to be more violent—something the Employment Act was designed to prevent in the interest of all Americans in economic growth.

Ironically, the tax credit is antibusiness in the long run.

Business, in its own self-interest, ought to be actively campaigning for the elimination of the investment tax credit. It is such a sound principle that business profits depend on two major factors external to the individual business firm. These are the speed with which the national economy is expanding and, secondly, the rate at which the Nation is using its productive resources, of labor and capital. An economy marked by sharp, large, and frequent business cycles will have a slower average growth rate,

with a lower average rate of return on capital, than an economy that maintains a somewhat faster growth rate by suppressing business cycles.

Commonsense can tell us why the investment tax credit actually hurts business profits. Profits can go only so high at the peak of a business cycle, since there are limits on availability of resources to produce goods and services for sale. Therefore, there are limits on how fast the economy can grow. At the cyclical peaks, costs of using marginal resources rise rapidly, and there is more or less a rough, though somewhat elastic, ceiling on profit rates at full employment. A mere look at any chart of corporate profits will show these effects in high employment years. On the other hand, in a recession profits can drop, not merely to zero, but into the zone of actual loss. In a word, there is a great deal more latitude for changes in profits on the down side than on the up side during the course of the cycle.

It must be true, therefore, that the sharper, larger, more frequent the business cycles the country experiences, the more often profits will be below their peak possibility. Hence, over the course of the cycle, the average rate of return is likely to be lower than if the cycle were smoothed out. But the investment tax credit is inherently procyclical, and it must be reckoned as lowering the rate of return on capital in the long run.

The procyclical character of the investment tax credit derives from two aspects of its practical operation. First, any such device is much more likely to encourage business to try to make additional investments in periods of high employment of labor and capital than when the rate of use of resources is low. The literature has many studies of this relationship between the rate of operations and investment. In the case of the investment tax credit, there is an additional feature; namely, that the credit earned in a given year can be claimed only to the extent of \$25,000, plus 25 percent of tax liabilities. It must be obvious that business firms can claim more of the credit at cycle peaks, when tax liabilities are high, than at cycle troughs and, other things being equal, they have a greater incentive to use the device up to the limit provided by law in prosperity, though not in recession.

It is also true that a dominant anticyclical device of American policy is the great cyclical swings in corporate tax liabilities. The marginal rate of tax on corporate profits has been about 50 percent in recent decades, and corporate after-tax profits themselves are highly volatile—rising and falling much more sharply than output or sales. For example, from calendar 1957 to calendar 1958, corporate tax liabilities declined by 10 percent, while gross national product in current dollars rose by \$6 billion, or something over 1½ percent. As was pointed out earlier, even a slowdown in the rate of expansion may stop the rise in corporate profits or cause them to decline. The net effect of high marginal tax rates and the great volatility of corporate profits is to produce very large swings in Government revenues—raising them sharply in prosperity or inflation and re-

ducing them sharply whenever business conditions weaken.

This process tends to keep private incomes more stable than they would otherwise be and transfers the instability to the public sector; namely, the Federal Government. This functioning of the stabilizing effect of the corporate profits tax is completely automatic, and requires no deliberate countercyclical action by the President or the Congress. It is, therefore, one of our best, most automatic, and rapid acting stabilizers. But the investment tax credit tends to weaken this, reducing the Government's revenue relatively more at business cycle peaks than at business cycle troughs. To the extent that the automatic stabilizer is thus weakened, either the Government must make a more aggressive use of deliberate, discretionary policies requiring formal action by the President and the Congress, or must allow larger and more frequent fluctuations than would otherwise be the case. As was pointed out above, this would have the effect eventually of reducing the long-term rate of return on capital. This would appear to be the opposite effect of that which the Treasury had in mind when it recommended adoption of the investment tax credit.

Summing up, it seems fair to suggest that both the logic and the evidence point to the investment tax credit's promoting more investment at business cycle peaks than would otherwise be the case, while at the same time weakening the automatic response of the corporate income tax to changing business conditions. The result is likely to be a procyclical effect combined with a lower average rate of return on capital in the long run. In addition, such a policy in the long run may well produce less economic growth than a less procyclical operation.

It may be that the only way to avoid the undesirable effects of this tax device is through secular inflation at a substantial rate—perhaps at least 4 or 5 percent a year, as has happened in the 1965-68 period. This latter exit from the dilemma would hardly seem consistent with the objectives of the Employment Act, which the Joint Economic Committee has always regarded as calling for stable prices.

#### A POLICY FOR 1969: REPEAL THE INVESTMENT TAX CREDIT

At a time when the rate of inflation exceeds 4 percent a year—and by some measures it is approaching 5 percent per year—why continue a device whose sole economic rationale is that it will worsen inflation in the short run, and will reduce the rate of employment and the rate of investment and capital in the long run. Essentially the 7-percent credit attempts—and succeeds—in persuading business to create an unbalancing economic situation. We are subsidizing business to create excessive investment demands at a time when, to restrain inflation, we are imposing restrictions on consumers, in the housing industry, and on the social programs of Federal, State, and local governments.

The tax investment credit at the present time costs the Federal Government some \$2.3 billion in lost revenue under

the corporate income tax, and \$0.5 billion under the individual income tax—this makes a total of close to \$3 billion.

One of the first and most urgent steps of tax reform is to repeal this tax, reducing the inflationary potential in the economy and returning the decisions about investment to the normal influence of the marketplace, divorcing them from the less reasonable and inflexible pressures of congressional directive. The very least this would accomplish would be to reinforce other fiscal measures that are slowing down the rate of inflation. More, it would by itself make it possible for us to reduce by one-third the size of the surtax when it is extended for another year during this session of the Congress.

The sound course is to repeal the investment tax credit device at once. In the next few days I intend to introduce a comprehensive loophole-plugging tax reform package that will include such a repeal.

#### SPECIAL ORDER GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. REUSS, for 30 minutes, today; to revise and extend his remarks and include extraneous material.

#### EXTENSIONS OF REMARKS

By unanimous consent, permission to extend remarks was granted to:

Mr. JONES of Alabama and to include extraneous material.

(The following Members (at the request of Mr. DEVINE) to extend their remarks and include extraneous matter in the Extensions of Remarks of the RECORD:)

Mr. BYRNES of Wisconsin.  
Mr. DERWINSKI in two instances.  
Mr. QUILLIN in four instances.  
Mr. CEDERBERG.  
Mr. BROWN of Ohio.  
Mr. ASHBROOK in two instances.  
Mr. WYMAN in three instances.  
Mr. MINSHALL.  
Mr. HORTON in two instances.  
Mr. KUYKENDALL.  
Mr. SKUBITZ.  
Mr. HARVEY.  
Mr. CLEVELAND in two instances.  
Mr. CONTE.  
Mr. POFF.

(The following Members (at the request of Mr. ALBERT) and to include extraneous matter:)

Mr. O'HARA in two instances.  
Mr. BRADEMAS in six instances.  
Mr. HAMILTON in 10 instances.  
Mr. DIGGS in three instances.  
Mr. NIX in two instances.  
Mr. JACOBS.  
Mr. BARING.  
Mr. ABBITT.  
Mr. MCCARTHY in three instances.  
Mr. GARMATZ.  
Mr. GIAMMO.  
Mr. BOLAND in two instances.  
Mr. HOWARD.  
Mr. RARICK in four instances.  
Mr. BURKE of Massachusetts in two instances.

## THE LATE HONORABLE ROBERT A. EVERETT

Mr. EVINS of Tennessee. Mr. Speaker, it is my sad duty to announce to the House today the passing of our beloved friend and colleague, Congressman ROBERT A. EVERETT, of the Eighth Congressional District of Tennessee.

Congressman EVERETT passed away early Sunday morning, January 26, at the Veterans' Administration hospital in Nashville, following an illness of several months duration.

Our colleague had returned to the 91st Congress, and we were hopeful of his recovery. However, he reentered the hospital a few days ago for further care and treatment.

I was deeply saddened to learn of the untimely passing of our genial friend from Tennessee, "FATS" EVERETT, as he was affectionately known.

Funeral services will be at 2 p.m., Tuesday in Union City, Tenn.

He was a giant among men—not only physically but in legislative ability and dedication to the public interest. He possessed a wonderful good humor and cheery disposition—these were his trademarks.

He will be greatly missed in the Halls of Congress and by his host of friends everywhere.

On this sad occasion I wish to convey this expression of our deepest sympathy to Congressman EVERETT's mother to whom he was devoted.

The Clerk read the resolution, as follows:

## H. RES. 156

*Resolved*, That the House has heard with profound sorrow of the death of the Honorable Robert A. Everett, a Representative from the State of Tennessee.

*Resolved*, That a committee of fourteen Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

*Resolved*, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

*Resolved*, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolutions were agreed to.

The SPEAKER. The Chair appoints as members of the committee to attend the funeral the following members on the part of the House: Mr. EVINS of Tennessee, Mr. BROCK, Mr. FULTON of Tennessee, Mr. QUILEN, Mr. ANDERSON of Tennessee, Mr. DUNCAN, Mr. BLANTON, Mr. KUYKENDALL, Mr. RIVERS, Mr. FALLON, Mr. TRAGUE of Texas, Mr. JONES of Alabama, Mr. STUBBLEFIELD, and Mr. SLACK.

The Clerk will report the remaining resolution.

The Clerk read as follows:

*Resolved*, That as a further mark of respect the House do now adjourn.

The resolution was agreed to.

## ADJOURNMENT

Accordingly (at 12 o'clock and 13 minutes p.m.), the House adjourned until tomorrow, Tuesday, January 28, 1969, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

430. A letter from the Chairman, U.S. Advisory Commission on International Educational and Cultural Affairs, transmitting the Sixth Annual Report of the Advisory Commission, pursuant to section 107 of Public Law 87-256 (H. Doc. No. 91-66); to the Committee on Foreign Affairs and ordered to be printed.

431. A letter from the Chairman, U.S. Advisory Commission on International Educational and Cultural Affairs, transmitting a special report relative to the use of U.S.-owned excess foreign currencies, pursuant to section 107 of Public Law 87-256 (H. Doc. No. 91-67); to the Committee on Foreign Affairs and ordered to be printed.

432. A letter from the Secretary of the Air Force, transmitting the semiannual experimental, development, test, and research procurement action report for calendar year 1968, pursuant to the provisions of 10 U.S.C. 2357; to the Committee on Armed Services.

433. A letter from the Secretary of the Army, transmitting a report on the progress of the Army Reserve Officers' Training Corps flight instruction program for calendar year 1968, pursuant to 10 U.S.C. 2110; to the Committee on Armed Services.

434. A letter from the Director of Civil Defense, Department of the Army, transmitting the report of Federal contributions program equipment and facilities for the quarter ending December 31, 1968, pursuant to the provisions of subsection 201(1) of the Federal Civil Defense Act of 1950, as amended; to the Committee on Armed Services.

435. A letter from the president, Georgetown Barge, Dock, Elevator & Railway Co., transmitting the annual report of the company, pursuant to the provisions of section 5 of the Act of Incorporation; to the Committee on the District of Columbia.

436. A letter from the Chairman, National Advisory Council on the Education of Disadvantaged Children, transmitting the fourth annual report on the Council; to the Committee on Education and Labor.

437. A letter from the Secretary of the Treasury, transmitting the combined statement of receipts, expenditures, and balances of the U.S. Government for the fiscal year ended June 30, 1968, pursuant to the provisions of 31 U.S.C. 1964 ed., supp. II, sec. 1029, and 31 U.S.C. 66b; to the Committee on Government Operations.

438. A letter from the Secretary of the Interior, transmitting the fourth annual report of activities and accomplishments in cooperative water resources research and training pursuant to the Water Resources Research Act of 1964, as amended; to the Committee on Interior and Insular Affairs.

439. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in the cases of certain aliens found to be admissible to the United States under the provisions of section 212(a) (28) (I) (ii) of the Immigration and Nationality Act; to the Committee on the Judiciary.

440. A letter from the Chairman, Railroad Retirement Board, transmitting a report on positions in grades GS-16, GS-17, and GS-18 in the Railroad Retirement Board during calendar year 1968, pursuant to the provisions of 5 U.S.C. 5114(a); to the Committee on Post Office and Civil Service.

441. A letter from the Acting Federal co-chairman and the State co-chairman, Upper Great Lakes Regional Commission, transmitting the annual report of the commission, pursuant to the provisions of section 510 of the Public Works and Economic Development Act of 1965, as amended; to the Committee on Public Works.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of California:

H.R. 4563. A bill to amend the National Labor Relations Act, as amended, to amend the definition of "employee" to include certain agricultural employees, and to permit certain provisions in agreements between agricultural employers and employees; to the Committee on Education and Labor.

H.R. 4564. A bill to mobilize and utilize the scientific and engineering manpower of the Nation to employ systems analysis and systems engineering to help to fully employ the Nation's manpower resources to solve national problems; to the Committee on Government Operations.

H.R. 4565. A bill to establish a sonic boom damage fund to provide for the payment of damages caused by sonic booms; to the Committee on the Judiciary.

H.R. 4566. A bill to amend section 312 of the Immigration and Nationality Act to exempt certain additional persons from the requirements as to understanding the English language before their naturalization as citizens of the United States; to the Committee on the Judiciary.

H.R. 4567. A bill to amend title 38 of the United States Code to provide a monthly clothing allowance to certain veterans who, because of a service-connected disability, regularly wear a prosthetic appliance or appliances which causes exceptional wear or tear of clothing; to the Committee on Veterans' Affairs.

H.R. 4568. A bill to amend the public assistance provisions of the Social Security Act to assure all recipients of such assistance (in conjunction with recent social security benefit increases) an average increase of \$7.50 in the total amount of their income from such assistance and other sources; to the Committee on Ways and Means.

H.R. 4569. A bill to amend title IV of the Social Security Act to repeal the provisions limiting the number of children with respect to whom Federal payments may be made under the program of aid to families with dependent children; to the Committee on Ways and Means.

By Mr. BROTHILL of Virginia:

H.R. 4570. A bill to amend title XIX of the Social Security Act to make it clear that a person is qualified to provide services under the medical assistance program if he is licensed by the State where the services are performed; to the Committee on Ways and Means.

By Mr. BYRNE of Pennsylvania:

H.R. 4571. A bill to amend title 18, United States Code, to prohibit the mailing of obscene matter to minors, and for other purposes; to the Committee on the Judiciary.

H.R. 4572. A bill to amend title IV of the Social Security Act to repeal the provisions limiting the number of children with respect to whom Federal payments may be made under the program of aid to families with dependent children; to the Committee on Ways and Means.

By Mr. CELLER:

H.R. 4573. A bill to amend the act of November 8, 1966; to the Committee on the Judiciary.

H.R. 4574. A bill to provide for the admission to the United States of certain inhabitants of the Bonin Islands; to the Committee on the Judiciary.

By Mr. CLARK:

H.R. 4575. A bill to increase the personal income tax exemption of a taxpayer and the additional exemption for his spouse from \$600 to \$1,000, and to increase the exemption for a dependent from \$600 to \$1,000; to the Committee on Ways and Means.

By Mr. DONOHUE:

H.R. 4576. A bill to amend title IV of the Social Security Act to repeal the provisions



limiting the number of children with respect to whom Federal payments may be made under the program of aid to families with dependent children; to the Committee on Ways and Means.

By Mr. FEIGHAN:

H.R. 4577. A bill to amend title IV of the Social Security Act to repeal the provisions limiting the number of children with respect to whom Federal payments may be made under the program of aid to families with dependent children; to the Committee on Ways and Means.

By Mr. FULTON of Pennsylvania:

H.R. 4578. A bill to provide for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal and federally assisted programs and to establish uniform and equitable land acquisition policies for Federal and federally assisted programs; to the Committee on Public Works.

By Mrs. GRIFFITHS:

H.R. 4579. A bill to amend title II of the Social Security Act to permit the payment of regular widower's insurance benefits (actuarially reduced the same as widow's benefits) at age 60, and to eliminate the special dependency requirement for entitlement to widower's insurance benefits; to the Committee on Ways and Means.

By Mr. HAWKINS:

H.R. 4580. A bill to strengthen and improve the Older Americans Act of 1965; to the Committee on Education and Labor.

By Mr. HAYS:

H.R. 4581. A bill to amend section 3543(f) of title 39, United States Code, to increase the mileage allowance paid to rural carriers for equipment maintenance from 12 to 15 cents per mile; to the Committee on Post Office and Civil Service.

By Mr. HORTON:

H.R. 4582. A bill to amend the Internal Revenue Code of 1954 to allow a credit against income tax to employers for the expenses of providing job training programs; to the Committee on Ways and Means.

H.R. 4583. A bill to provide incentives for the establishment of new or expanded job-producing industrial and commercial establishments in rural areas having high proportions of persons with low incomes, and for other purposes; to the Committee on Ways and Means.

H.R. 4584. A bill to provide a comprehensive national manpower policy, to improve the Manpower Development and Training Act of 1962, to authorize a community service employment program, and for other purposes; to the Committee on Ways and Means.

By Mr. HOWARD:

H.R. 4585. A bill to amend title 10, United States Code, to permit the recomputation of retired pay of certain members and former members of the Armed Forces; to the Committee on Armed Services.

H.R. 4586. A bill to provide for the redistribution of unused quota numbers; to the Committee on the Judiciary.

By Mr. JOHNSON of California (for himself and Mr. BARRING):

H.R. 4587. A bill to declare that the United States holds in trust for the Washoe Tribe of Indians certain lands in Alpine County, Calif.; to the Committee on Interior and Insular Affairs.

By Mr. JOHNSON of California (for himself and Mr. McFALL):

H.R. 4588. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the initial phase of the east side division, Central Valley project, California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KEE:

H.R. 4589. A bill to amend section 8(b) (4) of the National Labor Relations Act, as amended, with respect to strike at the sites of construction projects; to the Committee on Education and Labor.

By Mr. McKNEALLY:

H.R. 4590. A bill to amend title 13, United States Code, to limit the categories of questions required to be answered under penalty of law in the decennial censuses of population, unemployment, and housing, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. MINISH:

H.R. 4591. A bill to amend title 18, United States Code, to prohibit the mailing of obscene matter to minors, and for other purposes; to the Committee on the Judiciary.

By Mr. MOSS:

H.R. 4592. A bill to amend title 5, United States Code, to correct certain inequities with respect to the details of civilian employees of executive agencies, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 4593. A bill to amend title 5, United States Code, to provide that a retiring employee or Member may elect to receive a full annuity without annuity for the surviving spouse only on submission to the Civil Service Commission of evidence of the knowledge of the spouse of such election; to the Committee on Post Office and Civil Service.

H.R. 4594. A bill to amend title IV of the Social Security Act to repeal the provisions limiting the number of children with respect to whom Federal payments may be made under the program of aid to families with dependent children; to the Committee on Ways and Means.

By Mr. PATMAN:

H.R. 4595. A bill to amend title II of the Social Security Act to increase from 22 to 24 the age at which an individual otherwise qualified for child's insurance benefits on the basis of school attendance can no longer be entitled to such benefits; to the Committee on Ways and Means.

By Mr. RANDALL:

H.R. 4596. A bill to amend the Uniform Time Act of 1966 in order to change the period during which daylight saving time shall be in effect in the United States to the period from Memorial Day to Labor Day of each year; to the Committee on Interstate and Foreign Commerce.

H.R. 4597. A bill to amend title 38, United States Code, to relieve certain persons from filing the annual income questionnaire in connection with non-service-connected pensions; to the Committee on Veterans' Affairs.

H.R. 4598. A bill to amend title 38 of the United States Code so as to extend to veterans of Mexican border hostilities the same benefits enjoyed by veterans of periods of war; to the Committee on Veterans' Affairs.

By Mr. ROBISON (for himself, Mr. BATES, Mr. CLANCY, Mr. DEVINE, Mr. DONOHUE, Mr. FREDEL, Mr. KARTH, Mr. MACDONALD of Massachusetts, Mr. SHERVER, Mr. THOMPSON of New Jersey, Mr. VANDER JAGT, Mr. WALDER, Mr. WILLIAMS, and Mr. WRIGHT):

H.R. 4599. A bill to extend for 2 years the period for which payments in lieu of taxes may be made with respect to certain real property transferred by the Reconstruction Finance Corp. and its subsidiaries to other Government departments; to the Committee on Government Operations.

By Mr. ROGERS of Colorado:

H.R. 4600. A bill to amend the act entitled "An Act to incorporate the National Education Association of the United States", approved June 30, 1906 (34 Stat. 804); to the Committee on the Judiciary.

By Mr. ROGERS of Florida:

H.R. 4601. A bill to extend the executive reorganization provisions of title 5, United States Code, for an additional 2 years, and for other purposes; to the Committee on Government Operations.

By Mr. RYAN:

H.R. 4602. A bill to amend the Supplemental Appropriation Act, 1969, to increase to the full authorized amount the maximum

annual homeownership assistance payments which may be contracted for through the fiscal year 1969 under section 235 of the National Housing Act; to the Committee on Appropriations.

H.R. 4603. A bill to amend the Independent Offices and Department of Housing and Urban Development Appropriation Act, 1969, to increase to the full authorized amount the special appropriation for urban renewal projects within model cities for the fiscal year 1969; to the Committee on Appropriations.

H.R. 4604. A bill to amend the Independent Offices and Department of Housing and Urban Development Appropriation Act, 1969, to increase to the full authorized amount the regular appropriation for grants under the urban renewal program for the fiscal year 1970; to the Committee on Appropriations.

By Mr. SCHEUER (for himself and Mr. BUSH):

H.R. 4605. A bill to amend the Tariff Act of 1930 and the United States Code to remove the prohibitions against importing, transporting, and mailing in the U.S. mails articles for preventing conception, and advertisements with respect to such articles; to the Committee on Ways and Means.

By Mr. SCHEUER (for himself and Mr. FULTON of Tennessee):

H.R. 4606. A bill to amend title 38, United States Code, to permit for 1 year the granting of national service life insurance to certain veterans heretofore ineligible for such insurance; to the Committee on Veterans' Affairs.

By Mr. SKUBITZ:

H.R. 4607. A bill to amend the Consolidated Farmers Home Administration Act of 1961, as amended, to make interest income on water and waste disposal loans sold out of the agricultural credit insurance fund subject to Federal income taxes, and for other purposes; to the Committee on Ways and Means.

By Mr. SMITH of California:

H.R. 4608. A bill to amend title 13, United States Code, to limit the categories of questions required to be answered under penalty of law in the decennial censuses of population, unemployment, and housing, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. TAYLOR:

H.R. 4609. A bill to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. TEAGUE of Texas:

H.R. 4610. A bill to raise the Veterans' Administration to the status of an executive department of the Government to be known as the Department of Veterans' Affairs; to the Committee on Government Operations.

H.R. 4611. A bill to amend title 38 of the United States Code to provide that the effective date of reduction or discontinuance of pension by reason of the death of a dependent shall be the last day of the sixth month following the month in which such death occurred; to the Committee on Veterans' Affairs.

H.R. 4612. A bill to amend title 38 of the United States Code to provide eligibility for Vietnam era veterans for one episode of treatment for all noncompensable dental disabilities found to be present within 1 year after discharge from service in the Armed Forces; to the Committee on Veterans' Affairs.

H.R. 4613. A bill to amend title 38, United States Code, to repeal the restrictions on dependency and indemnity compensation payments in cases involving inservice waiver of Government life insurance premiums; to the Committee on Veterans' Affairs.

H.R. 4614. A bill to amend title 38, United States Code, to liberalize the provisions relating to death and disability pension, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 4615. A bill to amend chapter 39 of title 38, United States Code, to increase the

assistance payable by the Administrator of Veterans' Affairs toward the purchase price of specially equipped automobiles for disabled veterans; to the Committee on Veterans' Affairs.

H.R. 4616. A bill to amend title 38, United States Code, with respect to the manner of determining annual income for pension purposes of certain persons who are entitled to annuities under the Railroad Retirement Act of 1937, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 4617. A bill to amend section 411 of title 38, United States Code, to provide additional dependency and indemnity compensation payments to widows with one or more children; to the Committee on Veterans' Affairs.

By Mr. TEAGUE of Texas (by request):  
H.R. 4618. A bill to amend title 38 of the United States Code so as to permit the Administrator of Veterans' Affairs to enter into contracts for the provision of health services for certain veterans and certain dependents and survivors of veterans; to the Committee on Veterans' Affairs.

H.R. 4619. A bill to amend title 38 of the United States Code to increase the amount of servicemen's group life insurance which may be carried by members of the uniformed services; to the Committee on Veterans' Affairs.

H.R. 4620. A bill to liberalize the oath requirement for hospitalization of veterans; to the Committee on Veterans' Affairs.

H.R. 4621. A bill to increase dependency and indemnity compensation to widows who are in need of regular aid and attendance; to the Committee on Veterans' Affairs.

H.R. 4622. A bill to amend section 110 of title 38, United States Code, to insure preservation of all disability compensation evaluations in effect for 20 or more years; to the Committee on Veterans' Affairs.

H.R. 4623. A bill to amend title 38 of the United States Code to provide cost-of-living increases in monthly dependency and indemnity compensation payments to widows of veterans; to the Committee on Veterans' Affairs.

By Mr. ULLMAN:  
H.R. 4624. A bill to approve an order of the Secretary of the Interior canceling irrigation charges against non-Indian-owned lands under the Modoc Point unit of the Klamath Indian Irrigation project, Oregon; to the Committee on Interior and Insular Affairs.

By Mr. WAGGONER:  
H.R. 4625. A bill to authorize the release of 100,000 short tons of lead from the national stockpile and the supplemental stockpile; to the Committee on Armed Services.

H.R. 4626. A bill to create a catalog of Federal assistance programs, and for other purposes; to the Committee on Government Operations.

H.R. 4627. A bill to amend title 13, United States Code, to limit the categories of questions required to be answered under penalty of law in the decennial censuses of population, unemployment, and housing, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 4628. A bill to amend title II of the Social Security Act to provide that no reduction shall be made in old-age insurance benefit amounts to which a woman is entitled if she has 120 quarters of coverage; to the Committee on Ways and Means.

H.R. 4629. A bill to provide for orderly trade in iron and steel mill products; to the Committee on Ways and Means.

By Mr. WATSON:  
H.R. 4630. A bill to amend title 39, United States Code, with respect to the mailing of certain publications of State departments of agriculture as second-class mail; to the Committee on Post Office and Civil Service.

By Mr. WYATT:  
H.R. 4631. A bill to amend title 38 of the United States Code to provide that monthly

social security benefit payments shall not be considered as income in determining eligibility for pensions under that title; to the Committee on Veterans' Affairs.

By Mr. BISTER:  
H.J. Res. 299. Joint resolution proposing an amendment to the Constitution of the United States relating to the election of President and Vice President; to the Committee on the Judiciary.

By Mr. DENT:  
H.J. Res. 300. Joint resolution creating a Federal Committee on Nuclear Development to review and reevaluate the existing civilian nuclear program of the United States; to the Joint Committee on Atomic Energy.

By Mr. HARVEY:  
H.J. Res. 301. Joint resolution to amend the Constitution of the United States to guarantee the right of any State to apportion one house of its legislature on factors other than population; to the Committee on the Judiciary.

By Mr. HAYS:  
H.J. Res. 302. Joint resolution creating a Federal Committee on Nuclear Development to review and reevaluate the existing civilian nuclear program in the United States; to the Joint Committee on Atomic Energy.

By Mr. KEE:  
H.J. Res. 303. Joint resolution creating a Federal Committee on Nuclear Development to review and reevaluate the existing civilian nuclear program of the United States; to the Joint Committee on Atomic Energy.

By Mr. ERLBORN:  
H. Con. Res. 101. Concurrent resolution expressing the sense of the Congress relating to the furnishing of relief assistance to persons affected by the Nigerian civil war; to the Committee on Foreign Affairs.

By Mr. KING:  
H. Con. Res. 102. Concurrent resolution proposing the recognition of the village of Whitehall, Washington County, N.Y., as the birthplace of the U.S. Navy; to the Committee on the Judiciary.

By Mr. BROWN of California:  
H. Res. 157. Resolution to establish a Select Committee on Technology and the Human Environment; to the Committee on Rules.

By Mr. FOREMAN:  
H. Res. 158. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1970; to the Committee on Post Office and Civil Service.

H. Res. 159. Resolution relative to consideration of House Resolution 158; to the Committee on Rules.

By Mr. SCHEUER:  
H. Res. 160. Resolution to amend the Rules of the House of Representatives with respect to the procedures of committees of the House; to the Committee on Rules.

H. Res. 161. Resolution authorizing the part-time or temporary employment of not more than two additional employees in the district office of each Member of the House of Representatives and the Resident Commissioner from Puerto Rico; to the Committee on House Administration.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARRETT:  
H.R. 4632. A bill for the relief of Fausto D'Angelo; to the Committee on the Judiciary.  
H.R. 4633. A bill for the relief of Luisa Pietrangeli; to the Committee on the Judiciary.

By Mr. BERRY:  
H.R. 4634. A bill for the relief of Lawrence Brink and Violet Nitschke; to the Committee on the Judiciary.

By Mr. BIAGGI:  
H.R. 4635. A bill for the relief of George Adam; to the Committee on the Judiciary.

H.R. 4636. A bill for the relief of Tullio Luigi Bellardini; to the Committee on the Judiciary.

H.R. 4637. A bill for the relief of Enrico Bruschi, Giovanna Bruschi, Lorena Bruschi, and Antonella Bruschi; to the Committee on the Judiciary.

H.R. 4638. A bill for the relief of Maria Cardinali; to the Committee on the Judiciary.

H.R. 4639. A bill for the relief of Santina Cortese; to the Committee on the Judiciary.

H.R. 4640. A bill for the relief of Camillo Criscuolo; to the Committee on the Judiciary.

H.R. 4641. A bill for the relief of Luigina DiGiuliano; to the Committee on the Judiciary.

H.R. 4642. A bill for the relief of Giampiero Federico; to the Committee on the Judiciary.

H.R. 4643. A bill for the relief of Filippo Gambino and daughter, Maria A. Gambino; to the Committee on the Judiciary.

H.R. 4644. A bill for the relief of Vito Giannola, his wife, Rosa Giannola, and their son, Salvatore Giannola; to the Committee on the Judiciary.

H.R. 4645. A bill for the relief of Ernesto Gugliara; to the Committee on the Judiciary.

H.R. 4646. A bill for the relief of Rudolfo Jackson; to the Committee on the Judiciary.

H.R. 4647. A bill for the relief of Calogera La Rocca, Antonino La Rocca, and Vincenza La Rocca; to the Committee on the Judiciary.

H.R. 4648. A bill for the relief of Sabato Longobardi; to the Committee on the Judiciary.

H.R. 4649. A bill for the relief of Raimondo Marullo; to the Committee on the Judiciary.

H.R. 4650. A bill for the relief of Vittorio Pernicliaro, his wife, Marie Francesca Pernicliaro, and their daughter, Patrizia Pernicliaro; to the Committee on the Judiciary.

H.R. 4651. A bill for the relief of Antonio Regalbuto, his wife, Maria Regalbuto, and their son, Domenico Regalbuto; to the Committee on the Judiciary.

H.R. 4652. A bill for the relief of Sabato Ruberto; to the Committee on the Judiciary.

H.R. 4653. A bill for the relief of Antonio Taormina; to the Committee on the Judiciary.

H.R. 4654. A bill for the relief of Savino Tota; to the Committee on the Judiciary.

H.R. 4655. A bill for the relief of Domenico Trimarchi; to the Committee on the Judiciary.

H.R. 4656. A bill for the relief of Dr. Takashi Wakamori; to the Committee on the Judiciary.

H.R. 4657. A bill for the relief of Vincenzo Zomparelli; to the Committee on the Judiciary.

By Mr. BOLLING:  
H.R. 4658. A bill for the relief of Bernard L. Coulter; to the Committee on the Judiciary.

By Mr. BRASCO:  
H.R. 4659. A bill for the relief of Mariano and Rosa Liga; to the Committee on the Judiciary.

By Mr. BROWN of California:  
H.R. 4660. A bill for the relief of Jesus Hernandez-Rocha; to the Committee on the Judiciary.

H.R. 4661. A bill for the relief of Sook Cha Kim; to the Committee on the Judiciary.

H.R. 4662. A bill for the relief of Angela Maria Nari; to the Committee on the Judiciary.

H.R. 4663. A bill for the relief of Yerk Fel Sze; to the Committee on the Judiciary.

By Mr. BROYHILL of Virginia:  
H.R. 4664. A bill for the relief of Mario

Guarracino; to the Committee on the Judiciary.

H.R. 4665. A bill for the relief of Clinton M. Hoose; to the Committee on the Judiciary.

H.R. 4666. A bill for the relief of Maged I. Rifaat; to the Committee on the Judiciary.

By Mr. BROYHILL of Virginia (by request):

H.R. 4667. A bill for the relief of Rogelio Gutierrez; to the Committee on the Judiciary.

By Mr. BYRNE of Pennsylvania:

H.R. 4668. A bill for the relief of Flavio Merlino; to the Committee on the Judiciary.

H.R. 4669. A bill for the relief of Ohannes Hashas; to the Committee on the Judiciary.

By Mr. CLARK:

H.R. 4670. A bill for the relief of Ok Yon (Mrs. Charles G.) Kirsch; to the Committee on the Judiciary.

By Mr. CLEVELAND:

H.R. 4671. A bill for the relief of Chin-Hsia Pan; to the Committee on the Judiciary.

By Mr. CONTE:

H.R. 4672. A bill for the relief of Mrs. Evelyn M. McGrath; to the Committee on the Judiciary.

By Mr. DONOHUE:

H.R. 4673. A bill for the relief of Mrs. Aiko Azuma Taylor; to the Committee on the Judiciary.

By Mr. FARBERSTEIN:

H.R. 4674. A bill for the relief of Zosima Marasigan Phojanakong, also known as Zosima Marasigan Arceco; to the Committee on the Judiciary.

H.R. 4675. A bill for the relief of Vincenzo, Anna Rosa, and Giuseppe Bozzi; to the Committee on the Judiciary.

H.R. 4676. A bill for the relief of Marie Louise Elizabeth Varona Espiritu; to the Committee on the Judiciary.

H.R. 4677. A bill for the relief of Dorothy Yin-Chu Fung; to the Committee on the Judiciary.

H.R. 4678. A bill for the relief of Giuseppe Geraci; to the Committee on the Judiciary.

H.R. 4679. A bill for the relief of Ionie I. Lino; to the Committee on the Judiciary.

By Mr. FISH:

H.R. 4680. A bill for the relief of Helen Andrekos; to the Committee on the Judiciary.

H.R. 4681. A bill for the relief of Aspacia Aspouli; to the Committee on the Judiciary.

H.R. 4682. A bill for the relief of Federico Barbuto; to the Committee on the Judiciary.

H.R. 4683. A bill for the relief of Abraham J. Braum; to the Committee on the Judiciary.

H.R. 4684. A bill for the relief of Luis Richardo Britos; to the Committee on the Judiciary.

H.R. 4685. A bill for the relief of Aurora Floresca; to the Committee on the Judiciary.

H.R. 4686. A bill for the relief of Jesus Jose-lito Floresca; to the Committee on the Judiciary.

H.R. 4687. A bill for the relief of Dr. Jesus L. Floresca; to the Committee on the Judiciary.

H.R. 4688. A bill for the relief of Thomas A. Geary; to the Committee on the Judiciary.

H.R. 4689. A bill for the relief of Kalavati Gupta; to the Committee on the Judiciary.

H.R. 4690. A bill for the relief of Dr. Jose Martin Hipolito; to the Committee on the Judiciary.

H.R. 4691. A bill for the relief of Alberto Rogue Jarni; to the Committee on the Judiciary.

H.R. 4692. A bill for the relief of Mehmet Tahir Kaplan and Sevim Alton Kaplan; to the Committee on the Judiciary.

H.R. 4693. A bill for the relief of Anastasia Kokinis; to the Committee on the Judiciary.

H.R. 4694. A bill for the relief of Neoklis

Alkiviades Melmaris; to the Committee on the Judiciary.

H.R. 4695. A bill for the relief of Alicia Miyagui; to the Committee on the Judiciary.

H.R. 4696. A bill for the relief of Edgardo Jorge Munoz; to the Committee on the Judiciary.

H.R. 4697. A bill for the relief of Jong Kil Park; to the Committee on the Judiciary.

H.R. 4698. A bill for the relief of Giovanni Rossi; to the Committee on the Judiciary.

H.R. 4699. A bill for the relief of Rosalia Tria Tirona (Sister Mary Pia); to the Committee on the Judiciary.

H.R. 4700. A bill for the relief of Sean Tyrrell; to the Committee on the Judiciary.

H.R. 4701. A bill for the relief of Johanna Hermine Schwarz Verbeek; to the Committee on the Judiciary.

H.R. 4702. A bill for the relief of Albert Wangke Ferdinand Winter; to the Committee on the Judiciary.

H.R. 4703. A bill for the relief of Longin Wroclawski; to the Committee on the Judiciary.

H.R. 4704. A bill for the relief of Shih-Lo Yeh; to the Committee on the Judiciary.

H.R. 4705. A bill for the relief of Dr. Mehmet Kemal Yillar; to the Committee on the Judiciary.

By Mr. FRASER:

H.R. 4706. A bill for the relief of Dudu Uygur; to the Committee on the Judiciary.

By Mr. FULTON of Pennsylvania:

H.R. 4707. A bill for the relief of Cesare Tambellini; to the Committee on the Judiciary.

By Mr. GALLAGHER:

H.R. 4708. A bill for the relief of Roberto Cerbone; to the Committee on the Judiciary.

By Mr. HALPERN:

H.R. 4709. A bill for the relief of Pamela Bernadette Nelson; to the Committee on the Judiciary.

By Mr. HAYS:

H.R. 4710. A bill for the relief of Adilia Monteiro Garcia; to the Committee on the Judiciary.

By Mr. HOGAN:

H.R. 4711. A bill for the relief of Giuseppe Cavallo; to the Committee on the Judiciary.

By Mr. HOWARD:

H.R. 4712. A bill for the relief of Louise Gorma; to the Committee on the Judiciary.

By Mr. JARMAN:

H.R. 4713. A bill for the relief of Yvonne Maria Juster Canavarrro; to the Committee on the Judiciary.

By Mr. KEE:

H.R. 4714. A bill for the relief of Mrs. Luisa Cangiano, and her three children, Roberto, Rosario, and Rita; to the Committee on the Judiciary.

H.R. 4715. A bill for the relief of Vito Delisi; to the Committee on the Judiciary.

H.R. 4716. A bill for the relief of Francesco Migliore; to the Committee on the Judiciary.

H.R. 4717. A bill for the relief of Milanino Pastore; to the Committee on the Judiciary.

H.R. 4718. A bill for the relief of Flaviano Sellaro; to the Committee on the Judiciary.

H.R. 4719. A bill for the relief of Leonardo Thormina; to the Committee on the Judiciary.

By Mr. KEITH:

H.R. 4720. A bill for the relief of Maria Rosa Martins; to the Committee on the Judiciary.

By Mr. KING:

H.R. 4721. A bill for the relief of Itzhak Feldman; to the Committee on the Judiciary.

H.R. 4722. A bill for the relief of Walter J. O'Grady; to the Committee on the Judiciary.

By Mr. KOCH:

H.R. 4723. A bill for the relief of Elaine Wilson; to the Committee on the Judiciary.

By Mr. MOORHEAD:

H.R. 4724. A bill for the relief of Peppino Campus; to the Committee on the Judiciary.

By Mr. MORSE:

H.R. 4725. A bill for the relief of Lorna Leone Davis; to the Committee on the Judiciary.

H.R. 4726. A bill for the relief of Filippo Musumeci; to the Committee on the Judiciary.

H.R. 4727. A bill for the relief of Santa Nicolosi; to the Committee on the Judiciary.

H.R. 4728. A bill for the relief of Giuseppe Signorelli; to the Committee on the Judiciary.

By Mr. O'NEILL of Massachusetts:

H.R. 4729. A bill for the relief of Winfield Henry; to the Committee on the Judiciary.

H.R. 4730. A bill for the relief of Angel Orri Amado Rocha; to the Committee on the Judiciary.

H.R. 4731. A bill for the relief of Gilan Tehranchi; to the Committee on the Judiciary.

By Mr. PHILBIN:

H.R. 4732. A bill for the relief of Dino Cucchi; to the Committee on the Judiciary.

H.R. 4733. A bill for the relief of Pasquale Antonio Frisoli; to the Committee on the Judiciary.

H.R. 4734. A bill for the relief of Pietro Ratta; to the Committee on the Judiciary.

H.R. 4735. A bill for the relief of Giuseppe Rigoli; to the Committee on the Judiciary.

H.R. 4736. A bill for the relief of Miss Emilia Salerno; to the Committee on the Judiciary.

H.R. 4737. A bill for the relief of Rosa Vitale; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 4738. A bill for the relief of Oliver Thompson; to the Committee on the Judiciary.

By Mr. PRYOR of Arkansas:

H.R. 4739. A bill for the relief of the Vladimiro Canulla family (Vladimiro, Romana Bardella, Marco Valerio, and Paolo); to the Committee on the Judiciary.

By Mr. RIEGLE:

H.R. 4740. A bill for the relief of Chi Ho An; to the Committee on the Judiciary.

H.R. 4741. A bill for the relief of Dr. Minoo Bomanshaw Chinoy, and his wife, Jerro Minoo Chinoy; to the Committee on the Judiciary.

H.R. 4742. A bill for the relief of Peter William Graine; to the Committee on the Judiciary.

H.R. 4743. A bill for the relief of Dr. Ismail Dimillier; to the Committee on the Judiciary.

H.R. 4744. A bill for the relief of Mrs. Ezra L. Cross; to the Committee on the Judiciary.

H.R. 4745. A bill for the relief of Dr. Philippe Figuracion; to the Committee on the Judiciary.

H.R. 4746. A bill for the relief of Peter Jean Heusser, and his wife, Francine Croke Heusser; to the Committee on the Judiciary.

H.R. 4747. A bill for the relief of Waldemar E. Kunstmann; to the Committee on the Judiciary.

H.R. 4748. A bill for the relief of Dr. Frederick Sia Lim, and his wife, Chua Huay Ching Lim; to the Committee on the Judiciary.

H.R. 4749. A bill for the relief of Giuseppe Palozzolo; to the Committee on the Judiciary.

H.R. 4750. A bill for the relief of Dr. Lolita L. Rana; to the Committee on the Judiciary.

H.R. 4751. A bill for the relief of Dr. Rameshchandra C. Shah; to the Committee on the Judiciary.

H.R. 4752. A bill for the relief of Dr. Vicente T. Uy; to the Committee on the Judiciary.

H.R. 4753. A bill for the relief of Dr. Ismael D. Yanga, Jr.; to the Committee on the Judiciary.

By Mr. RONAN:

H.R. 4754. A bill for the relief of Michele Cetrangolo; to the Committee on the Judiciary.



H.R. 4755. A bill for the relief of Peter Karonis; to the Committee on the Judiciary.

H.R. 4756. A bill for the relief of Zaven O. Kodjayan; to the Committee on the Judiciary.

H.R. 4757. A bill for the relief of Weronika Marek; to the Committee on the Judiciary.

H.R. 4758. A bill for the relief of Giuseppe Vitale; to the Committee on the Judiciary.

H.R. 4759. A bill for the relief of Salvatore Vitale; to the Committee on the Judiciary.

By Mr. ROONEY of New York:

H.R. 4760. A bill for the relief of Rafael Antonio Pappa, his wife, Clotilde Consuelo Teresa Burastero de Pappa, and their children, Alejandra Andrea, Gabriela Araceli, Sergio Javier, and Fabian Rafael Pappa; to the Committee on the Judiciary.

By Mr. ST. ONGE:

H.R. 4761. A bill for the relief of Dennis J. Relyea; to the Committee on the Judiciary.

By Mr. SANDMAN:

H.R. 4762. A bill for the relief of Charles J. Culligan; to the Committee on the Judiciary.

H.R. 4763. A bill for the relief of Filippino D'Agostino; to the Committee on the Judiciary.

H.R. 4764. A bill for the relief of Mario Errera; to the Committee on the Judiciary.

H.R. 4765. A bill for the relief of Vita Fodera; to the Committee on the Judiciary.

H.R. 4766. A bill for the relief of Eugene

P. Horton, Remilda Horton, and James Horton; to the Committee on the Judiciary.

H.R. 4767. A bill for the relief of Dr. Somrak Pappawut; to the Committee on the Judiciary.

H.R. 4768. A bill for the relief of Cecilia Pelaez; to the Committee on the Judiciary.

H.R. 4769. A bill for the relief of Francesco Somma; to the Committee on the Judiciary.

H.R. 4770. A bill for the relief of Basil and Palagia Stavrouopoulos; to the Committee on the Judiciary.

H.R. 4771. A bill for the relief of Ioannis Stoubos; to the Committee on the Judiciary.

H.R. 4772. A bill for the relief of Giuseppe Trimarchi; to the Committee on the Judiciary.

By Mr. SCHEUER:

H.R. 4773. A bill for the relief of Elia Malik and his wife Claire; to the Committee on the Judiciary.

H.R. 4774. A bill for the relief of Tomasa Rivera; to the Committee on the Judiciary.

By Mr. SMITH of Iowa:

H.R. 4775. A bill for the relief of Giuseppe Andreano; to the Committee on the Judiciary.

H.R. 4776. A bill for the relief of Salvatore Cusimano; to the Committee on the Judiciary.

H.R. 4777. A bill for the relief of Guido Fenu; to the Committee on the Judiciary.

H.R. 4778. A bill for the relief of Dr.

Violeta Poblacion; to the Committee on the Judiciary.

By Mr. THOMPSON of New Jersey:

H.R. 4779. A bill for the relief of Giuseppe Cordaro; to the Committee on the Judiciary.

By Mr. VANDER JAGT:

H.R. 4780. A bill for the relief of Shrouych Makaremi; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

35. By the SPEAKER: Petition of Henry Stoner, Portland, Oreg., relative to the Armed Forces; to the Committee on Armed Services.

36. Also, petition of Gordon Levon Dollar, Springfield, Mo., relative to redress of grievances; to the Committee on the Judiciary.

37. Also, petition of Benjamin L. Ehrlich, Chicago, Ill., relative to redress of grievances; to the Committee on the Judiciary.

38. Also, petition of Charles B. Lucas, Oxon Hill, Md., relative to redress of grievances; to the Committee on the Judiciary.

39. Also, petition of William B. Coleman, Jacksonville, Fla., relative to the Committee on Un-American Activities; to the Committee on Rules.

## SENATE—Monday, January 27, 1969

(Legislative day of Friday, January 10, 1969)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the Vice President.

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Everliving God, unto whom in all ages men have lifted up their hearts in prayer, grant to all of us in this place a sense of the sacredness of every task, that while we work we may worship, while we think we may pray, while we speak we may witness for Thee, that serving here we may serve our Nation and serving our Nation we may serve all mankind. Receive now, O Lord, the dedication of our lives which we offer to Thee this day. In Thy holy name. Amen.

#### THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Friday, January 24, 1969, be approved.

The VICE PRESIDENT. Without objection, it is so ordered.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Geisler, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

As in executive session, The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

#### TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a brief period be allowed for the transaction of routine morning business, with statements therein limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

#### MAN IN THE NEWS: SENATOR FRED HARRIS

Mr. MANSFIELD. Mr. President, some days ago, the Democratic National Committee met and selected a new national chairman. The man selected was one of our colleagues, FRED HARRIS, the senior Senator from Oklahoma.

I am delighted with his appointment, because if anyone can occupy a position in the Senate and do an outstanding job as the national chairman for our party as well, it is Senator HARRIS. I assure him that he will have the full cooperation and understanding of the Senate leadership in the efforts he undertakes to strengthen the party, to invigorate it, and to bring about a better understanding with the younger people of this Nation.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the transcript of the first TV appearance by Senator HARRIS as national chairman, on "Face the Nation," Janu-

ary 19, 1969, as well as an article about Senator HARRIS and his lovely wife, LaDonna, entitled "Man in the News: FRED HARRIS Riding Herd on Democrats," published in the New York Post of Saturday, January 25, 1969.

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

[From the New York Post, Jan. 25, 1969]  
MAN IN THE NEWS: FRED HARRIS RIDING HERD ON DEMOCRATS  
(By Warren Hoge)

WASHINGTON.—Only one thing was missing in the Humphrey command headquarters in Minneapolis' Leamington Hotel early election night.

The three television sets were in place. Telephones linked the suite with key lieutenants. The co-chairman of the Democratic Presidential nominee's campaign, Minnesota Sen. Walter Mondale, and his aides were there and a burly friend of the Senator's chauffeur stood at the door to keep out unwanted guests.

Still awaited was the other half of the campaign leadership, Sen. Fred Harris of Oklahoma.

Suddenly there was a commotion in the hallway. A short, somewhat overweight young man with shiny black hair parted razor-straight down the middle was trying to convince the bouncer that he was a U.S. Senator. It wasn't until Mondale came to the door and vouched for him that Sen. Harris was admitted.

In addition to being co-chairman of Humphrey's campaign, Harris had also been an activist member of the Kerner Commission on Civil Disorders and a frequently mentioned possibility for the Democratic Vice Presidential nomination.

Now, at 38, he is the chairman of the Democratic National Committee.

If all that wasn't immediately apparent to the doorkeeper that night, it's understandable.

Harris is a shirt-sleeves and feet-on-the-desk type, a man with no time or taste for