

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. WILLIAMS of Delaware. For the information of the Senate, there will be a record vote on that question.

Mr. MANSFIELD. Yes, I think there should be.

Mr. McGEE. Mr. President, will the Senator yield until I can propound another thought here?

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

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SPONG. I ask unanimous consent that the order for the quorum call be rescinded.

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

TELEVISION NEWSPAPER OF THE AIR

Mr. SPONG. Mr. President, WETA, channel 26, launches a daily newspaper-of-the-air tonight—Thursday, October 2—with editors and reporters from the Washington Post and the Evening Star. This is an example of public television's ability to respond effectively to an emergency community need, the channel 26 newspaper-of-the-air will be broadcast in color, 7 to 8 p.m., 10 to 11 p.m.

Newspaper-of-the-air will cover the day's most important events in the fields of foreign and national news; District of Columbia, Virginia, and Maryland news; entertainment, sports, and other news features; with incisive reports and analysis of leading Washington reporters.

I make this announcement for the information of Senators who may be interested.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 50 minutes p.m.) the Senate adjourned until tomorrow, Friday, October 3, 1969, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate October 2, 1969:

AGENCY FOR INTERNATIONAL DEVELOPMENT

Samuel C. Adams, Jr., of Texas, to be an Assistant Administrator of the Agency for International Development, vice R. Peter Straus, resigned.

U.S. DISTRICT JUDGE

R. Dixon Herman of Pennsylvania to be U.S. district judge for the middle district of Pennsylvania, vice Frederick V. Follmer, retired.

U.S. ATTORNEY

S. John Cottone, of Pennsylvania, to be U.S. attorney for the middle district of Pennsylvania for the term of 4 years, vice Bernard J. Brown.

U.S. MARSHAL

Thomas Edward Asher, of Kentucky, to be U.S. marshal for the eastern district of Kentucky for the term of 4 years, vice Archie Craft.

William C. Black, of Texas, to be U.S. marshal for the northern district of Texas for the term of 4 years, vice Robert I. Nash.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 2, 1969:

NATIONAL COUNCIL ON THE ARTS

Nancy Hanks, of New York, to be Chairman of the National Council on the Arts for a term of 4 years.

U.S. ATTORNEYS

Duane K. Craske, of Guam, to be U.S. attorney for the district of Guam for the term of 4 years.

James H. Brickley, of Michigan, to be United States attorney for the eastern district of Michigan for the term of 4 years.

Bart M. Schouweiler, of Nevada, to be U.S. attorney for the district of Nevada for the term of 4 years.

Edward R. Neaher, of New York, to be U.S. attorney for the eastern district of New York for the term of 4 years.

William W. Milligan, of Ohio, to be U.S. attorney for the southern district of Ohio for the term of 4 years.

Blas C. Herrero, Jr., of Puerto Rico, to be U.S. attorney for the district of Puerto Rico for the term of 4 years.

Stanley G. Pitkin, of Washington, to be U.S. attorney for the western district of Washington for the term of 4 years.

U.S. MARSHALS

Gaylord L. Campbell, of California, to be U.S. marshal for the central district of California for the term of 4 years.

Rex Walters, of Idaho, to be U.S. marshal for the district of Idaho for the term of 4 years.

George R. Tallent, of Tennessee, to be U.S. marshal for the western district of Tennessee for the term of 4 years.

William A. Quick, Jr., of Virginia, to be U.S. marshal for the western district of Virginia for the term of 4 years.

Rex K. Bumgardner, of West Virginia, to be U.S. marshal for the northern district of West Virginia for the term of 4 years.

EXTENSIONS OF REMARKS

ROSCOE I. DOWNS

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. NATCHER. Mr. Speaker, Roscoe I. Downs is not only an outstanding Kentuckian but he is also one of the great newspapermen of our Commonwealth.

This veteran of the journalistic field began his newspaper career in 1906 and from that time on he has made sure that his readers are provided with a fair, honest, and unbiased presentation of the news. His strong and frank editorials have won for him numerous honors and have made the newspaper he has published since 1945, the Hancock Clarion in Hawesville, Ky., invaluable in attracting and accelerating the industrial growth of this particular area.

Mr. Downs is one of the most respected

and admired gentlemen in the Second Congressional District of Kentucky and certainly I am delighted that the Kentucky Press Association recently gave special recognition to their eldest member for his many years of splendid newspaper work.

Mr. Speaker, I am pleased at this point to insert in the RECORD the article which appeared in the July 1969 issue of the Kentucky Press, the voice of the Kentucky Press Association, honoring Mr. Downs. The article follows:

DOWNS HAS ENJOYED LONG ASSOCIATION WITH KPA

Teddy Roosevelt was president of the United States and the Kentucky Press Association was only 38 years old when Roscoe I. Downs became a member of KPA and attended his first summer convention.

At 84, Downs is editor of the Hancock Clarion at Hawesville and still adheres to 6-day a week work schedule. His editorials have won for his paper several awards over the years and even today are a force in his community.

It was in June of 1907 that Downs and his

bride, the former Miss Winnie Cullin, honeymooned at the KPA convention at Estill Springs, Irvine, Ky. They were married at Livermore on June 16, 1907 and immediately began the journey to Louisville where they joined other Western Kentucky editors for the trip by special railway car to Irvine and the convention.

The bride and groom escaped the hazing of the press group by concealing the fact of their newly wedded state. A Courier-Journal reporter, however, learned of the couple's secret during the trip home after the convention and wrote a story of how the entire KPA had been fooled.

Downs can probably lay claim to the oldest membership in KPA. His membership has not been continuous, over the 62 year period, he has spent several years in other states. Consecutive membership has been since 1945 and in 1952 he was voted a Life Member of the association.

In 1906 he edited the Livermore News in McLean County. The name of the paper was later changed to The Kentucky Citizen.

After having closed the paper at Livermore, Downs continued his career on various newspapers, first the Dixon Journal and later the Corydon (Ind.) Republican. His next

move was to Havanah, Ill. and the Mason County Democrat.

Then came several years out of the journalistic field before the smell of printer's ink drew him back. First to the Cynthiana Log Cabin and then the Georgetown News. For several years he was employed on the Aurora (Ind.) Bulletin. He then became shop foreman in the printing department of Indiana University, Bloomington, Ind. From there he moved to Fremont, Ohio, where he was makeup man on the Daily Messenger.

Returning to Kentucky, Downs worked for a short time on the State Journal at Frankfort before moving on to the Estil Herald at Irvine. From Irvine he went to Washington, D.C., where, for 15 years—1930 to 1945, he was employed in the Government Printing Office.

He returned to Kentucky in 1945 to publish the Hancock Clarion. His daughter, Mrs. Bernice E. Wimmer, and grandson, Donn K. Wimmer, are now co-publishers of the paper and Mr. Downs is the editor.

The Clarion converted to offset last April and Mr. Downs remarks that "now, at past 84, I find my trade as a printer being relegated to the rear by this photographic pattern of offset."

"Being a printer for 62 years," Mr. Downs says, "is an era of which I am proud, along with Benjamin Franklin, I count my trade as a worthy one."

"In the past years I have enjoyed the Kentucky Press Association and, until recently, have attended most of its meetings."

Several years ago Mr. Downs published a novel, "This Fair Eden."

FARM LOSSES PROVISIONS IN TAX REFORM BILL

HON. VANCE HARTKE

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Thursday, October 2, 1969

Mr. HARTKE. Mr. President, on September 22, the Committee on Finance held hearings on the very important farm losses provisions contained in the tax reform bill. Artificially created farm losses are a notorious area of tax abuse. This tax loophole distorts farm prices and imposes on the ordinary farmer a particularly cruel form of unfair competition.

The distinguished Senator from Montana (Mr. METCALF) is a recognized leader in the fight to close this tax loophole. I ask unanimous consent to have printed in the RECORD his excellent and most persuasive statement to the Committee on Finance.

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

ELIMINATE TAX-DOGE FARMING

My bill, S. 500, would eliminate existing distortions in the farm economy by limiting to \$15,000 or to the amount of "special deductions" listed in my bill, whichever is higher, the amount by which a "farm loss" may offset nonfarm income. Special deductions are those that would be allowed to some one whether or not he was in farming or because it is the type of deduction clearly beyond a taxpayer's control. I am referring to such things as taxes, interest, abandonment or theft of farm property, fire, storm, or other casualty, losses and expenses from drought, and recognized losses from sales, exchanges and involuntary conversions of

farm property. Neither the House-passed bill nor the Administration's proposal contain a comparable provision to protect the legitimate farmer and rancher from being penalized for having incurred an economic agricultural farm loss in a given year. My bill also provides safeguards to protect those just starting out in farming as well as those who might find themselves in a loss situation in a given year, not by design for tax purposes but rather by chance. This is accomplished by a provision that allows a disallowed loss to be carried back three years and forward five years against past or future farm income.

The problem with the approach recommended by the Administration and now contained in the House-passed bill except for different dollar exclusions is that it allows the tax-dodge farmer to defer any recognized capital gains while at the same time he is allowed to continue using the full amount of his artificial losses as an offset against nonfarm income year after year. By attempting to convert capital gains into ordinary income rather than nip the losses in the bud before the tax-dodge farmer can use them, both the House bill and the Administration allow offenders an easy out with just the proper amount of tax planning.

Revenue figures provide some insight into the comparative effectiveness of the House bill, the Administration's proposal, and S. 500. My bill would affect about 14,000 individual tax returns and would raise an additional \$205 million a year from these individuals. The House bill would affect about 3,000 returns and when fully operative raise an additional \$25 million annually. These revenue estimates do not include comparative figures for corporations. I can only imagine the amount by which the gap between the two bills would widen even further.

The Administration estimated its 4 September proposal would apply to 9,300 individuals and raise \$50 million annually. The Administration has already admitted that although the House bill adopts the same approach, the dollar exclusions contained in the House bill are so high as to render it ineffective.

Here is a unique opportunity to combine substantial revenue increases with substantial equity by restoring healthy competition to our farm economy. The House-passed bill can be reshaped to serve as a meaningful vehicle for equitable and effective reform in this area.

I appreciate the opportunity to testify for legislation that would remove inequities between legitimate farm operators and tax-dodge farmers—people who engage in farming for the purpose of creating artificial losses which can be used to offset substantial amounts of their nonfarm income.

In the first session of the 90th Congress, I introduced S. 2613, to amend the Internal Revenue Code of 1954 to provide that farming losses incurred by persons who are not bona fide farmers may not be used to offset nonfarm income. When I ultimately decided upon the loss limitation approach as the best way to get at this problem, one of the sources of information I considered was an article written by Hendrik S. Houthakker, now a member of the Council of Economic Advisors. At the time that he wrote the article, Mr. Houthakker was engaged as a professor of Economics at Harvard. He concluded his article, which appeared in the January-February 1967 issue of Challenge, with the observation that "if this sacred cow is to be finally eliminated, the Internal Revenue Service may need some help from the Congress."

I found Mr. Houthakker's discussion of possible methods to get at this problem particularly stimulating. He stated as follows:

"If the tax laws are to be effective in this area, a more sophisticated definition of farm-

ers is needed, or, alternatively, the offsetting of farm losses against other income should be restricted. But this restriction has to be introduced with due regard to the interests of genuine farmers.

"The best possibility would be to limit the farm loss deduction to, say, \$10,000 in any one year, with provisions to carry larger losses backward or forward to be offset against earlier or later farm profits, but not against nonfarm income. In 1962 the taxpayers who claimed over \$10,000 in farm losses had an average nonfarm income of about \$50,000.

"Another possibility would be to treat as farmers only those who have derived a specified fraction of their income from farming during the past five years.

"Still another (similar to the Treasury proposal of 1963 which was rejected by Congress) would be to allow capital gains treatment only for the amount by which sales exceed deductions for farm losses in prior years. This proposal, however, would not deter those who do not take capital gains at all."

The 1963 Treasury proposal referred to by Mr. Houthakker is basically the same proposal as that suggested by Administration officials in their testimony before the House Ways and Means Committee on 22 April of this year and restated again but with higher dollar figures before this Committee on 4 September. This proposal which has come to be known as the Excess Deductions Account approach is now contained in the tax reform bill under review by this Committee.

In July of last year, both the Departments of Treasury and Agriculture issued highly favorable reports on S. 2613, the predecessor to my bill, S. 500, which I reintroduced with substantial bipartisan support in January of this year. Both of those reports endorsed the principle of my original bill but at the same time suggested constructive modifications which I incorporated in the bill which was introduced last Fall for discussion purposes and then reintroduced early this session.

In order for the record to be complete on this matter here are the constructive suggestions made by the Treasury Department in its report of 11 July 1968:

"As an alternative, we suggest placing a ceiling on the amount of nonfarm income which could be offset by farm losses in any one year. If there were excess farm losses, they could be carried backward and forward to offset farm income, but no other income, of other years. If part of a taxpayer's income for a year consists of capital gains, his carry-over of excess farm deductions arising from the special farm accounting rules would not be permitted to offset it. On the other hand, the ordinary farmer incurring a loss would be protected under this approach in two ways: First, by allowing a limited deduction for farm losses, an ordinary farmer who must take part-time or seasonal employment to supplement his income in a poor year in his farm operations would not be deprived of his farm loss deductions. Second, the carry-over and carryback provisions would be available to absorb large one-time losses. In other words, the provision would, in operation, only affect taxpayers with relatively large amounts of nonfarm income, that is, individuals who do not have to depend on their farm income for their livelihood.

"It is suggested that . . . corporations could be covered in the same manner as individual farmers and farms run by a partnership."

The Treasury Department concluded by suggesting that some kinds of farm expenses should be excepted from the disallowance provisions. Here is the reason for that suggestion:

"One category of farm expenses would in-

clude taxes and interest which are generally deductible whether or not they are attributable to an income producing activity. A second category would include casualty and abandonment losses and expenses and losses arising from drought. These events are generally not in the taxpayer's control and disallowance of the loss or expense could create an undue hardship to the taxpayer since they may be catastrophic. These same expenses and losses are now excluded from the operation of section 270 which excludes losses in connection with a hobby operation."

One additional suggestion made in the report was to provide "for an adjustment that would limit the measure of allowable farm deductions to the taxable one-half of capital gains." The reason for this suggestion was to prevent the taxpayer from receiving a double deduction against his capital gain farm income.

The suggestions contained in last year's Treasury and Agriculture reports together with those contained in Mr. Houthakker's article made a great deal of sense. For example, it was clear that all concerned agreed the most equitable and effective way to get at this problem is to limit the amount of farm losses that can be used as an offset against nonfarm income in any one year.

The problem which now exists is that liberal tax accounting rules designed for the benefit of the ordinary farmer are being manipulated by nonfarmers. These nonfarmers engage in farming for the purpose of creating artificial losses that they can use to reduce the taxes they would otherwise have to pay on high-bracket nonfarm income. The tax losses which these tax-dodge farmers show are not true economic losses. These so-called "tax losses" arise from deductions taken because of capital costs or inventory costs and thus usually represent an investment in farm assets rather than amounts actually lost. Usually, the investment is ultimately sold and taxed only at lower capital gains rates.

The deductions are set off against ordinary income, while the sale price of the resulting assets represents capital gain. The gain is then usually the entire sales price since the full cost of creating the asset has previously been deducted against ordinary income. In reporting on my original bill, S. 2613, in July of 1968, the Treasury reviewed the two principal methods of accounting used in reporting business income for tax purposes. Generally speaking, those businesses which do not involve the production or sale of merchandise may use the cash method. Under that method, income is reported when received in cash or its equivalent, and expenses are deducted when paid in cash or its equivalent.

However, in businesses where the production or sale of merchandise is a significant factor, income can be properly reflected only by deducting the costs of merchandise in the accounting period in which the income from its sale is realized. This means that costs are recorded when incurred and sales when made, and costs attributable to unsold goods on hand at year's end are included in inventory. Under this method of accounting, the deduction of costs included in inventory must be deferred until the goods to which they relate are sold rather than being deducted when the costs are incurred. Thus, under this second method of accounting, income from sales of inventory and the costs of producing or purchasing such inventory are matched in the same accounting period. The end result in this type of business is a proper reflection of income.

The Treasury Department has historically permitted farmers to deviate from general accounting practices to spare the ordinary farmer the bookkeeping chores associated with inventories and accrual accounting. In addition the Treasury has in the case of some capital outlays permitted farmers to write them off as if they were current expenses.

On 5 February of this year, the House Ways and Means Committee published a study of needed areas for tax reform conducted by the Treasury Department during the last two years of the Johnson Administration. In discussing the effect that tax-dodge farmers have on the farm economy the study points out that "when a taxpayer purchases and operates a farm for its tax benefits, the transaction leads to a distortion of the farm economy. The tax benefits allow an individual to operate a farm at an economic break-even or even a loss and still realize an overall profit. For example, for a top-bracket taxpayer, where a deduction is associated with eventual capital gains income, each dollar of deduction means an immediate tax savings of seventy cents—or seventy-seven cents with the surtax—"to be offset in the future by only twenty-five cents of tax." This cannot help but result in a distortion of the farm economy, and is harmful to the ordinary farmer who depends on his farm to produce the income needed to support him and his family.

"This distortion may be evidenced in a variety of ways: For one, the attractive tax benefits available to wealthy persons have caused them to bid up the price of farmland beyond the price which would prevail in a normal economy, and is harmful to the ordinary farmer who must compete in the marketplace with these wealthy farm owners who may consider a farm profit—in the economic sense—unnecessary for their purposes."

My bill would eliminate these distortions by limiting to \$15,000 or to the amount of the "special deductions" listed in the bill, whichever is higher, the amount by which a "farm loss" may offset a taxpayer's nonfarm income. The \$15,000 figure is reinforced by the following observation contained in Treasury's two-year study, and I quote: "If a taxpayer has more than \$15,000 of nonfarm income, his primary source of livelihood is not likely to be his farming efforts, and, thus, he is not the type of farmer for whom the special accounting rules were devised." Generally, a farm loss would be the amount by which farm deductions exceeded farm income in any given year. For this purpose, as the 1968 Treasury report suggested, the untaxed one-half of long-term capital gains attributable to farm property would not be included in farm income. Farm deductions include all deductions that are attributable to the business of farming. If the taxpayer's nonfarm income is in excess of \$15,000 in any given year, the limit on his deductible loss in that year would be reduced by one dollar for each dollar of such excess. However, economic losses are protected by providing that the \$15,000 loss limitation will be raised to the amount of the taxpayer's special deductions if that amount is higher than \$15,000.

When Assistant Secretary of the Treasury Edwin S. Cohen testified before this Committee on 5 September he referred to the fact my bill is now pending before this Committee. He was then asked by Senator Hartke and I quote: "What is wrong with that bill?" Answer by Mr. Cohen. "Well, suppose as Senator Gore said, a short while ago, there were an actual economic loss of \$50,000, suppose there is an actual economic loss from tornado, floods, low prices, drought, any number of factors, why should we disallow a true economic loss to the farmer or where should we disallow it in any event at strictly \$15,000 a year."

There are two observations I must make with respect to that answer. First, if there were an actual economic loss of \$50,000 from tornado, floods, low prices, drought or any other factor beyond the control of the taxpayer under the provisions of my bill the entire amount of that economic loss could be used to offset nonfarm income. Assistant Secretary Cohen's answer simply demonstrated that he had never read my bill. My bill specifically takes into account the nature

of the deductions that generate a loss in a given year. It provides that if the sum total of deductions paid or incurred in the business of farming and which are attributable to taxes, interest, the abandonment or theft of farm property, or losses of farm property arising from fire, storm, or other casualty, losses and expenses directly attributable to drought, and recognized losses from sales, exchanges and involuntary conversions of farm property—if any one or all of those deductions adds up to a figure that is higher than \$15,000 then the taxpayer is allowed to use the higher figure as an offset against nonfarm income. An exception is made in my bill for such deductions since they are in general deductions which would be allowed to anyone holding farm property without regard to whether it was being used in farming or because it is the type of deduction that is clearly beyond the control of the taxpayer.

My second observation is that assuming an actual economic loss of \$50,000 caused by any of the economic factors listed by Assistant Secretary Cohen, and assume one additional fact . . . that the taxpayer has an adjusted gross nonfarm income in excess of \$25,000 in that same year, it is the Administration's proposal that would penalize the taxpayer for an economic loss. Although the loss could be used as an offset against nonfarm income the entire amount of that loss would have to be included in the Administration's excess deductions account. To the extent of the balance in that account, what would otherwise be a long-term capital gain from farming in a subsequent year would be converted into ordinary income. The House-passed bill would also attempt to recapture an economic loss by the same method but to a lesser degree because it only applies to that portion of a farm loss above \$25,000 and then only if nonfarm adjusted gross income is above \$50,000. When Assistant Secretary Cohen testified he observed that the dollar exclusions contained in the House-passed bill render the bill ineffective.

Getting back to the loss limitation approach, my bill adopts a suggestion made in both the 1968 Agriculture and Treasury reports as well as in Mr. Houthakker's article. If the farm loss in any given year is greater than the allowable amount, it would be carried backward three years and forward five years to offset farm income of those years. This safeguard is in the bill to protect new farmers who are sincerely interested in farming but who understandably might be unable to turn an economic profit in those years.

My bill also provides that a taxpayer may treat a nonfarm business as a part of his farming operation if it is related to and on an integrated basis with the farm business. Some recent inquiries about this provision indicate that there are those who would attempt to use it to offset some artificial farm losses arising from the farm tax accounting rules against income earned in another business. This provision is not intended to allow a business to be considered as related and conducted on an integrated basis with the farming operation unless it consists of the processing of a product raised in the farming operation. Furthermore, it is only equitable that to qualify to elect this provision, the sale of such processed product should produce a substantial portion of the total receipts of the over-all operation. Moreover, this provision is intended only for purposes of measuring the size of the "farm loss" to ascertain whether certain deductions are allowable. This provision is not meant to allow the nonfarm business to be treated as a farm operation for the purpose of adopting accounting methods, the filing of estimated tax returns, or the filing of final returns, and the like.

The House-passed bill and the Administration's proposal both adopt the proposal contained in S. 500 which would exclude from the application of any limitation, the taxpayer who is willing to follow with respect

to his farming income, accounting rules which apply generally to other taxpayers; that is if he uses inventories in determining taxable income and treats as capital items—but subject to depreciation in cases where other taxpayers would take depreciation—all expenditures which are properly treated as capital items rather than treating them as expenses fully deductible in the current year.

My bill has gained substantial bipartisan support in both the House and the Senate. Twenty-six other Senators, including three members of this Committee (Senators Hartke, McCarthy and Harris) are cosponsors of S. 500. At last count, the loss limitation approach contained in the bill had been specifically endorsed by members of at least thirty different Congressional delegations.

Aside from Congressional support the method of approach taken in S. 500 has the full support of all those who are sincerely interested in the working farmers of our Nation. For example, the National Farmers Union, the American Farm Bureau Federation, the National Grange, the National Farmers Organization, the National Council of Farmer Cooperatives, the National Association of Wheat Growers, the Cooperative League of the U.S.A., the National Association of Farmer Elected Committeemen, the Farmland Industries Cooperative, the Mid-Continent Farmers Association—formerly known as the Missouri Farmers Association, the Farmers Grain Dealers Association, the AFL-CIO, the Industrial Union Department of the AFL-CIO, the United Steelworkers, the South Texas Cotton and Grain Association, Inc., and the Amalgamated Meat Cutters and Butcher Workmen, have all called for a limit to be placed on the amount of artificial farm losses that can be used as an offset against nonfarm income.

Contrast this type of support with the testimony of the National Livestock Tax Committee before the House Ways and Means Committee some six years ago. This is what the National Livestock Tax Committee had to say about the excess deductions account approach in 1963 and I quote: "We cannot say whether it would work or would not, but it is the most modest approach that has come to our attention."

Well, that sort of grudging praise coming from an organization that has been fighting tax reform in this area every step of the way made me take a hard look at the EDA approach when I first considered ways to get at this problem without hurting the legitimate farmer.

The basic problem with the EDA approach is that it allows the tax-dodger farmer to defer any recognized capital gains until he chooses to sell and at the same time, allows him to continue along his merry way each year using artificial farm losses as an offset against nonfarm income. With proper tax planning the balance in the excess deductions account can be milked dry by the time the taxpayer decides he is ready to recognize long-term capital gains. Such a proposal will not remove any of the incentive from existing clients of cattle management firms such as Oppenheimer Industries. Instead of catching the tax-dodger farmer with his hand in the cookie jar by limiting premature deductions each year, the EDA approach lets the tax-dodger farmer put us in the position of having to refill an empty jar.

Farm operations carried on by corporations usually are not separately reported on the corporation tax return. Consequently, data concerning the number of corporations and revenue effect with respect to corporations could not be determined with respect to either the EDA approach or the loss limitation approach.

However, I do have revenue figures that provide some insight into the comparative effectiveness of the House bill, the Adminis-

tration's proposal, and S. 500. At my request the Chief of Staff of the Joint Committee on Internal Revenue Taxation, Laurence N. Woodworth, has provided me with the following statistics.

My bill would affect in the neighborhood of 14,000 individual tax returns. It is estimated that it would raise an additional \$205 million a year from these individuals. The number of returns affected by the "Excess Deductions Account" provision of H.R. 13270 is estimated to be in the neighborhood of 3,000. By 1979 the estimated increase in tax liability under the farm provisions of the House bill are as follows: excess deductions account, \$10 million; depreciation recapture, \$5 million; holding period of livestock, \$5 million; hobby losses, negligible; for a total of \$20 million by 1979. It is estimated that sometime after 1979 the increase in tax liability ascribed to the excess deductions account provision would increase an additional \$5 million. So we are talking in terms of increased revenue under the House-passed bill of \$25 million a year as opposed to \$205 million under S. 500. These revenue estimates do not include comparative figures for corporations. We can only leave to the imagination the amount by which the gap between the two bills would widen even further.

The Administration estimated on 4 September that its modified EDA rule "would apply to only 9,300 individuals" and that the long-range revenue effect of its farm loss provisions would be \$50 million, still a far cry from the amount of revenue that could be raised by equitably and effectively dealing with this problem.

Elimination of the exception for livestock from the depreciation recapture rules was analyzed in detail several years ago by the President of Oppenheimer Industries, General Harold L. Oppenheimer. General Oppenheimer has been described by Time magazine as the "Bonaparte of Beef". He has authored three books for the cattle industry, *Cowboy Arithmetic*, *Cowboy Economics* and *Cowboy Litigation*. I have been informed by his Washington representative that a fourth book, *Cowboy Politics* is now in preparation. Here is what the General had to say in 1966 in his book, *Cowboy Economics*, about the depreciation recapture provision that has since been adopted in the House-passed bill:

"Members of Congress and officials of both the old and the new administrations have suggested that where accelerated depreciation is taken, on any subsequent sale, the portion of the capital gain which represents the recovery of previously taken depreciation should be treated as ordinary income. This is essentially the system now used in Canada.

"Evaluation. This piece of legislation is undoubtedly going to get passed within the next year or so, although it was deleted by the House Ways and Means Committee from the 1964 Tax Bill. However, as far as breeding herds are concerned, this is a matter of relatively little significance. During the first two years of a purchased breeding herd, the culls sold from the herd on a capital gain basis are very unlikely to exceed the depreciated value by more than a few dollars. During the third and fourth years, this could be a matter of some importance in the sale of culls but without an appreciable percentage effect on the overall picture. During the fifth year, most of the animals with an original capital base will have been sold and the herd will consist almost entirely of animals born to it at no cost basis, so the effect this legislation would achieve would then be zero."

General Oppenheimer's book, *Cowboy Litigation*, contains an interesting chapter, "Tax Play in Race Horses." Here are some of the observations contained in that chapter.

"The tax aspects of the horse business are unique, but in most instances, parallel the cattle business . . .

"Stud fees paid by the owner of a mare are currently deductible or they can be capitalized and depreciated over the life of the foal. Unless the breeder is in a loss position and concerned about a so-called hobby loss, it would be better to expense the fee . . .

"Depreciation can produce considerable tax benefits as with cattle. . . .

Animals held for breeding are treated the same as other livestock such as cattle . . .

"Continued losses are a problem and always subject to scrutiny. . . . Breeding, racing, and the showing of horses have always been suspect, particularly when conducted by a high-bracket taxpayer that endeavors to write the losses off against other income. . . . As with cattle, the decision turns on the subjective motives and profit potential of the owner. . . . Country estates and small operations are in the facet suspect. The more attention paid to the business and the professional manner in which the business is operated are all plus factors."

I shall turn now to some of the more common allegations made by those who oppose my bill. For example, there are some who say that the bill would force farmers to use the accrual system of accounting; that the bill would prevent the successful farmer or rancher from engaging in nonfarm operations with outside income for fear of losing his right to deduct from losses; that the bill would discourage the flow of outside money into ranching and farming operations and so on.

I have repeatedly denied these allegations. Statistics reveal that there are a comparatively few taxpayers who enter into farming as a tax-dodge device. The 32-page report, "Statistics of Income—1967. Preliminary. Individual Income Tax Returns," published on 14 January of this year reveals that for 1967 there were approximately 770 thousand taxable individual income tax returns filed that reported a net loss from farming. My bill would affect in the neighborhood of 14 thousand or slightly less than 2 percent of those returns. This is statistical evidence that my bill will only affect the tax-dodge farmers who are currently distorting the farm economy.

In discussing statistical evidence of this problem, the Treasury's two-year study, published on 5 February of this year, points out that a growing body of investment advisors is currently advertising that they will arrange farm investments for high-bracket taxpayers to enjoy deductions on dollars that are really spent to acquire capital assets. It is because of that kind of advertising that people are being drawn to farm "tax-loss" situations.

Just last year I saw an ad in a magazine called the *Airline Pilot* that read in part— "Own a citrus grove using tax dollars as your total investment. . . ." The ad was headed "Tax Shelters for 1968." You can pick up the *Wall Street Journal* on any given day and find ads of this type. For example, the other day I came across one that read in part: "Pistachio Nuts, The Green Nut with the Golden Future . . . Outstanding opportunity for land investment and Pistachio nut tree planting program . . . Most of growing costs deductible."

As I evaluated each of the proposals pending before this Committee, I must admit that I have become even more convinced that the fairest and most effective way to get at this problem is to adopt the loss limitation approach contained in S. 500. Here is a unique opportunity to scale down the long run revenue loss that results from the sum total of all the provisions of the 368-page House bill while at the same time we increase substantially the equity of our tax laws through a healthier farm economy.

TAX REFORM BILL'S EFFECTS UPON COLLEGES AND UNIVERSITIES

HON. JOHN C. WATTS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. WATTS. Mr. Speaker, the following statement was presented before the Senate Finance Committee by Dr. Robert R. Martin, president of Eastern Kentucky University, on behalf of the American Association of State Colleges and Universities and the National Association of State Universities and Land-Grant Colleges.

As the outstanding president of Eastern Kentucky University, Dr. Martin is uniquely qualified to comment upon the provisions of H.R. 13270, the tax reform bill, and the effect these provisions will have upon educational institutions. I commend President Martin for his excellent statement and hope that it will be widely read by the Members of Congress:

STATEMENT BY PRESIDENT ROBERT R. MARTIN,
OF EASTERN KENTUCKY UNIVERSITY

Mr. Chairman: members of the Committee: My name is Robert R. Martin, I am President of Eastern Kentucky University in Richmond, Kentucky. I am also chairman of the Committee on Federal Relations of the American Association of State Colleges and Universities and a member of the Association's Board of Directors. This statement is submitted on behalf of the American Association of State Colleges and Universities and the National Association of State Universities and Land-Grant Colleges. The combined membership of these two associations is 372 colleges and universities located in the 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. They enroll approximately three and a half million students, or about half of all the college students in the nation.

The Associations presenting this statement have previously joined with the American Council on Education and others in testimony covering major points in H.R. 13270 of interest to higher education. While we concur generally in the position taken by the American Council on Education, we feel that the gravity of the proposals in H.R. 13270 with respect to state and municipal bonds was inadequately emphasized in that statement, and for this reason present additional testimony on this point.

We also wish particularly to emphasize the concern of these two Associations—which was expressed in the American Council's testimony—over the proposed tax on the income of private foundations. We oppose the imposition of such a tax, and support the proposal that, instead of a tax, a registration or similar fee be prescribed adequate to cover the cost of enforcement of existing laws and regulations.

The colleges and universities in our two Associations have experienced enrollment increases in the past decade that have resulted in enormous demands for additional physical facilities. During this period of time, state governments and institutions of public higher education have had to rely primarily on long-term borrowing as the source of funds to meet these capital needs. General obligation bonds and/or revenue bonds have been issued by the states or by the institutions to provide funds for necessary academic, service and housing facilities. Such bonds, being exempt from taxation by the Federal Government have been readily marketable

and have enabled the institutions to provide the facilities necessary for the academic and other programs required by the increasingly large number of young men and women seeking the advantages of higher education.

I do not believe it is an overstatement to say that the result will be "catastrophic" if the bill passes in its present form. In fact, the threat of passage has already seriously damaged markets for this type of bond.

To illustrate, I cite the experience of Eastern Kentucky University. Since 1960, Eastern Kentucky University has issued and marketed several series of its Consolidated Educational Buildings Revenue Bonds, aggregating \$21,400,000, which were sold in the open market and purchased by private investors. In July, 1969, the University offered a series of such bonds in the amount of \$7,400,000 for the purpose of constructing needed academic facilities. For the first time in the history of the Commonwealth of Kentucky, no bids were received for the purchase of bonds offered by a state agency. I am informed by a respected municipal bond dealer that the threat of passage of H.R. 13270 was the sole contributing factor for the market decline during the week that this issue of bonds failed to attract a bid.

Under Sections 301 and 302 of the proposed Income Tax Reform Act of 1969, the tax exempt status of state and municipal bonds is negated, not only on future issues by these agencies but on existing issues. With reference to existing issues, the provisions of these two sections will, in my opinion be a serious breach of faith by the United States Government. These bonds were purchased under the assumption of tax exemption and lower interest costs were realized by the seller of the bonds due to tax exemption. I am informed that bonds issued by state and municipal government agencies have been tax exempt from the original enactment of the income tax laws until the present date. If Sections 301 and 302 become law, then earnings from such bonds will become liable to taxation and the owner will have no recourse for the resultant or potential loss of income. Obviously, the bondholder will unavoidably conclude that the state and municipal bonds are not good investments. Further, the potential purchaser of state and municipal bonds will be forced to conclude that, if such bonds can be made subject to taxation on the basis proposed by Sections 301 and 302, then subsequent legislation can make such bonds fully taxable. Accordingly, interest rates will rise markedly and the marketability of state and municipal bonds will be seriously jeopardized. Further the provisions of these sections constitute an attempt, by indirection, to provide for federal taxation on state and local governmental units.

Proponents of H.R. 13270 have pointed to Sections 601 and 602 as protection for state and municipal agencies in this matter in view of the potential effects of Sections 301 and 302. However, what appears to be a choice between the sale of taxable or tax-exempt bonds by the agency is in reality no choice whatsoever. An analysis of the effect of H.R. 13270 upon the bond market would have to conclude that the bill in its present form would make it necessary for public institutions of higher education to look to the Federal Government for federal financing of physical plant needs. The proposed subsidy will not attack the problem of debt capacity under parity formulas to which existing debt has committed the institutions. Further, a serious question arises regarding the determination of the amount of interest subsidy. Here, I am advised by a municipal bond dealer, whose qualifications I respect, who stated that he was unable to find a single individual in his business who does not believe that the result of the bill will be higher interest costs to issuers, even

after the federal subsidy. Additionally, the imposition of federal regulations and "red tape" will seriously impair the flexibility and efficiency of capital financing by public institutions of higher education.

Under existing federal statutes and regulations, state and local governments have had the ability to operate freely, without federal interference or intervention, in the incurrence of long term debt. Admittedly, state colleges and universities have used federal assistance in this field at one time or another. However, when such federal assistance was used, the Federal Government was free to accept or reject this assistance under the prevailing rules. The provisions of H.R. 13270 are such that, in my opinion, this freedom will disappear. State colleges and universities will be forced to apply to the Federal Government for assistance or pay rates of interest that would be economically prohibitive. While the bill proposes a subsidy without regulation, experience in the field of federal assistance leads us to conclude that the outcome would be otherwise.

I have offered no opinion or comment concerning the remainder of the Act. Certainly, I subscribe to the concept of tax reform to the end that the burden of taxation is equitably distributed among the citizenry. I must strongly protest, however, the efforts of proponents of the Income Tax Reform Act of 1969 to use the concept of "tax reform" to disguise an attack upon the treasuries of states and municipalities. Such action is contrary to the fundamental conception of the relationships between states and municipalities on the one hand and the Federal Government on the other. I implore you on behalf of public colleges and universities of the Nation to leave for states and municipalities the freedom from federal taxation of bond issues in order that these colleges and universities may continue with freedom from federal interference, to develop their institutions with the diversity and uniqueness that has been the hallmark of higher education in the United States.

STUDENTS FOR A DEMOCRATIC SOCIETY AT UNIVERSITY OF SOUTH CAROLINA

HON. STROM THURMOND

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Thursday, October 2, 1969

Mr. THURMOND. Mr. President, many Americans are finally waking up to the fact that their country is under attack. Those of us who have been concerned in recent years over the subversive and totally disruptive activities of various outlaw groups across the land are heartened and encouraged. Responsible citizens from every corner of the Nation are demanding that action be taken against those who would destroy our form of government. Notorious among those despoilers is the Students for a Democratic Society.

Mr. President, the SDS no longer makes any attempt to be subtle as they go about their work. Using clichés and platitudes which Communists have long employed to foment hate and dissatisfaction, SDS is systematically spreading its venom—always concentrating on the young. The disturbances we have seen over the past few summers are indicative of their labors, and testify to the terrible competence they possess.

Mr. President, I have before me a pamphlet that is being distributed by SDS at the University of South Carolina, a fine institution located in the capital city of my home State. While I consider it unfit for printing in the *RECORD* in full, I should like to read a few selected passages which are typical:

U.S. Occupation Troops Out of Vietnam, All Foreign Countries, The Black and Brown Communities, And The Schools!

Support The National Liberation Front And The Provisional Revolutionary Government of South Vietnam!

Support The Black Liberation Struggle! Solidarity With The "Conspiracy 8"!

It has been almost a year since the Democratic Convention, when thousands of young people came together in Chicago and tore up pig city for five days. The action was a response to the crisis this system is facing as a result of the war. The demand by black people for liberation, and the ever-growing reality that this system just can't make it.

This fall, people are coming back to Chicago: more powerful, better organized, and more together than we were last August.

SDS is calling for a National Action in Chicago October 8-11. We are coming back to Chicago, and we are going to bring those we left behind last year.

And at home, in the black and brown communities, the pig patrols the streets defending white-owned property against black people. Pigs occupy black and brown communities just like troops occupy Vietnam. Busting heads whenever they can. Arresting people on trumped-up charges just for trying to stay alive. And coming down hardest on the black and brown liberation struggles—on the people who are fighting the hardest for the freedom of their people, and all the oppressed people of the world.

And in the working class communities, the schools and the shops of the cities, the pig stands six feet tall to protect the boss against the worker, the principal against the student.

The only people the troops abroad and the pigs at home defend are the rich people—the ruling class—who own and run the country.

Behind all the pigs in the world are a few millionaires. Behind the "riot squad" riding four deep through Watts, or the 'tactical unit' busting up a wildcat picket line, behind the National Guard and the U.S. Army stand the rich people who run every large company you can name.

It's got to be the truth. Because one thing that's absolutely for sure is that those pigs aren't around to defend you. They enforce the laws that mess you over. They "keep you in your place". When you rebel, when you fight for what you need, they try to crack your head.

Rich people need lots of different kinds of pigs. Sometimes their jobs is to train others to keep the people down. Like the leaders of the Guatemalan people's movement. High school principals and guidance counselors and college administrators are also pigs, trying to bribe people and make them believe that one day they'll really get ahead.

But we can't let the pigs keep us down any longer. In almost all the countries of the world, in the black and brown communities, and in many schools and shops, people are getting together to fight and defeat the pigs and the people the pigs defend. In Vietnam 500,000 U.S. troops are being defeated by a people's army, led by the National Liberation Front and the Provisional Revolutionary Government. The Vietnamese have shown us that the pig can be beaten.

On October 8-11, tens of thousands of

people will come to Chicago. During those days there will be a series of actions aimed at exposing the real nature of the pig power structure and taking a price for all of the suffering, misery, and death that imperialism causes to the peoples of the world: A memorial rally for Che Guevara, murdered by CIA pigs two years ago October 8 in Bolivia. An action at schools all over the city, carried out in co-ordination with local high school, community college, and trade school people in Chicago.

A march on the courts demanding freedom for all political prisoners—viciously jailed by the pigs and, like the Chicago "Conspiracy 8," used as scapegoats for the pig violence that dominates this country.

Mr. President, we can see from this comparatively mild example of SDS literature that we are not dealing merely with idealistic kids, as some would have us believe. Rather, we are faced with an attack by bands of roving revolutionaries who are striking at the very heart of one of our most valuable resources—our young people. One wonders how anyone who cares about America's future can be unconcerned or disinterested in the face of such activities.

Mr. President, something must be done. We must fight back before the damage becomes irreparable. I was pleased to note that the Attorney General stated several months ago that he would seek indictments under the "Thurmond anti-riot amendment." He has made the promise good at Chicago, as we know, and I think this is a great stride in the right direction.

There is another measure in which I have a special interest, Mr. President. On April 25 of this year I introduced the Academic Freedom Protective Act of 1969, S. 1988. This bill is currently pending before the Internal Security Subcommittee of the Committee on the Judiciary, and is one which we all should keep an eye on. I am convinced that, if enacted, this measure would effectively deal with the serious threat posed by the various groups interested in disrupting our educational process. It would also show that the U.S. Senate is not going to stand idly by like the proverbial Nero while our colleges burn and our students are denied the right to an education commensurate with their abilities.

Mr. President, S. 1988 is a practical solution to this problem. The bill does not seek to punish entire institutions by withholding aid and thus penalizing the innocent along with the guilty. This legislation protects the college students from those who would commit illegal acts by subjecting them to the processes of the Federal court. I urge the attention of Senators to this pressing problem, with the hope that this attention will result in congressional action to remedy it.

HOW MUCH LONGER?

HON. ROBERT O. TIERNAN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. TIERNAN. Mr. Speaker, the country grows weary of the senseless blood-

shed that now has mounted its toll for 8 years. Almost 40,000 Americans have died, 250,000 Americans have been wounded, and we face the probability that 1,800 more will be maimed before the end of this year. Our Nation is tired of the killing, tired of the useless bloodshed, and repulsed by the prospect of spending another 5 years in Vietnam.

Since 1963 we have allowed the Nation to follow an erratic course in Southeast Asia that has left us open to question on every front. After 8 years we are faced with the fact that our commitment in blood has not brought victory; that our fighting has further damaged our battered image on the world scene; that our power has been thwarted; and that our Presidency and Congress have been questioned as to their ability to lead wisely.

On May 27 of this year, I urged that President Nixon initiate a "peace offensive" designed to reduce our active participation in one of the most tragic chapters in American history. Today we still are unable to clearly see peace in the near future. We continue to talk in Paris, at the Pentagon and here in the Congress; but while we talk, lives are snuffed out at the rate of 150 per week. Since my speech in May, another 3,000 young Americans have died in Vietnam. We ask for what, and how much longer? We have asked these same questions for 8 years now, and we still have no answer. If our end is truly to guarantee that the South Vietnamese have the right to determine their own future and their own form of government, then our support of the present Thieu-Ky regime is a mockery.

It is now time for us to answer the question, "How much longer?" We must bring to a halt the carnage of American youth. I am today introducing a Vietnam disengagement resolution of 1969. I believe that this resolution is truthful when it states that the United States "has substantially fulfilled, in fact and in spirit, any obligation it may have had to protect the Republic of South Vietnam from aggression or rebellion." We have given the people of South Vietnam a reasonable opportunity to decide their own future.

This resolution would assure that substantially all U.S. forces will be removed from South Vietnam before December 31, 1970. We would make arrangements providing sanctuary outside of Vietnam for persons desiring it if their safety should appear to be threatened following the departure of American troops by the coming to power of a hostile power.

It is my contention that the South Vietnamese have not taken enough of the initiative in this war. They must be kept from taking further advantage of the courageous fighting of American soldiers. It is not in the interest of the American people or the South Vietnamese people to support a government which refuses to admit broader participation in the processes of government, which censors and closes newspapers, and which jails political prisoners.

Mr. Speaker, I urge my fellow colleagues to support this resolution. By setting a clear timetable for withdrawal, we will force the South Vietnamese Gov-

ernment to reform itself. But most of all, we will extricate ourselves from the brutality, destruction, and demoralization that have been our fate for 8 long years.

CAPITAL GAINS TREATMENT IN TAX REFORM BILL

HON. JACOB K. JAVITS

OF NEW YORK

IN THE SENATE OF THE UNITED STATES
Thursday, October 2, 1969

Mr. JAVITS. Mr. President, I am very much concerned with the tax treatment of capital gains as proposed by H.R. 13270. I feel that the proposals put forth by the administration are a much better alternative. The administration proposals would basically continue the current tax treatment of capital gains, except in situations where capital gains income is unusually large in relation to other income, and I favor the administration's position.

I ask unanimous consent to have printed in the RECORD the statement delivered before the Committee on Finance on September 16 by Robert W. Haack, president of the New York Stock Exchange, on this question. I recommend that Senators review the statement most carefully because few people can speak to the issues involved with more knowledge than Mr. Haack.

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

CAPITAL GAINS TREATMENT IN TAX REFORM BILL SUMMARY

My name is Robert W. Haack. I am President of the New York Stock Exchange. With me today are Bernard J. Lasker, Chairman of the Board of Governors of the Exchange, and Donald L. Calvin, a Vice President of the Exchange.

My statement this morning is the summary of a comprehensive 18-page statement analyzing the impact of the capital gains tax provisions of the tax reform bill now before this Committee. Copies of the full statement, including my summary, have been submitted to the Committee.

In the ten minutes allotted to me this morning, I will summarize the principal points and conclusions of that statement.

As passed by the House of Representatives, the specific capital gains tax provisions of the tax reform bill constitute a sharp increase in the capital gains tax. The Exchange believes that three major adverse results may be anticipated if these provisions are enacted in their present form:

First, risk-taking incentives and the supply of essential venture capital would be seriously curtailed.

Second, investments in modern plant and equipment and in new technologies would diminish.

And third, the mobility of capital assets—which is crucial to maintaining a dynamic and fluid economy—would be impeded.

To my knowledge, there is no controversy about the need for maintaining an adequate level of investment to promote long-run economic prosperity. Recognition of this need is implicit in a recent statement by Secretary David M. Kennedy, who pointed out that the bill passed by the House is (quote) "weighted in favor of consumption, to the potential detriment of the nation's produc-

tive investment." Secretary Kennedy concluded that the present version (and again I quote) "could impede economic growth in the years ahead by curtailing the incentive to make productive investments." (End of quote).

The Exchange's own analysis of the probable economic impact of the proposals under consideration suggests that their hasty enactment could cause irreparable harm to the nation's long-term capacity for growth.

Let us look briefly at each of the major proposed revisions in capital gains treatment.

THE HOLDING PERIOD

I don't think anyone would quarrel with the proposition that smooth functioning of capital markets is largely dependent upon liquidity—that is, the ease with which investors can move in and out of investments.

The holding period required to distinguish between an investment transaction—which qualifies for capital gains tax treatment—and a non-investment transaction—which does not—automatically decreases the liquidity of the national investment pool.

In determining the most suitable length of the holding period, there is necessarily a trade-off between the opposing goals of making the necessary distinction between types of transactions and of stimulating market liquidity. To achieve one goal completely would be to sacrifice the other.

All available data indicate that the existing six-month holding period is more than ample to filter out the majority of non-investment transactions.

The proposal to extend the holding period to 12 months simplistically assumes that most investors will refrain from altering their investment behavior and that the net result will be a revenue gain. I submit that it is far more realistic to assume that investors will tend to follow their individual self-interest; that they will lock themselves into existing investments for the longer period in order to qualify for capital gains treatment. In that case, the net result could well be a revenue loss.

The logical tendency of an investor with a sizeable gain would be to speculate against the holding period if there were any reasonable chance of preserving enough of the gain to make waiting worthwhile. To the extent that this incentive would be operative, it would tend to lock large amounts of capital into current investment positions—with an inevitable, and significant, loss in both capital mobility and market liquidity.

The House Ways and Means Committee Report suggests that upper-income taxpayers are the principal beneficiaries of the shorter holding period. But an examination of the available data refutes this. The most recent Treasury Department statistics show that only 4 percent of all long-term gains realized by taxpayers with incomes of \$100,000 or more were from assets held between six and 12 months. By contrast, the ratios were 10 percent for those with incomes under \$10,000 and 9 percent for those in the \$10-\$50,000 bracket.

Stated somewhat differently, the top-income group accounted for only 17 percent of all gains realized between six and 12 months after purchase, while taxpayers with incomes under \$10,000 accounted for 16 percent of all gains realized during the six-to-12 month period—and those in the \$10-\$50,000 bracket accounted for 50 percent.

Thus, it is clear that the major portion of the additional tax burden that would be imposed by lengthening the holding period would fall not on the wealthiest taxpayers—but on those who can least afford to bear it.

THE ALTERNATIVE RATE

The most direct impact on the flow of risk capital would result from the proposed elimination of the alternative tax rate.

This is, pure and simple, an increase in the

tax rate on long-term capital gains. And as such, it would lower the incentive for investors to put money at risk—by reducing the after-tax rewards. Moreover, it would discourage the transfer of capital from matured investments to more venturesome opportunities by raising the tax cost of such transfers. Ultimately, the cost of capital would rise as entrepreneurs would be forced to compete for a portion of the smaller pool of available risk capital.

Relatively few individuals qualify for use of the alternative rate. However, it is this group that is the prime source of venture capital. These investors provide the cutting edge of economic growth. In effect, eliminating the alternative tax would penalize the group from which the largest proportionate share of the national investment pool is expected to be accumulated.

Common sense dictates that the lower the after-tax value of an existing investment, the more likely the investor is to hold onto it. This is, of course, another aspect of the "lock-in" phenomenon. The proposal to eliminate the alternative tax optimistically—we might even say, naively—minimizes the probable lock-in reaction of those who would be affected. The available data tabulated in the text of our statement clearly demonstrate that the higher the income, the greater the tendency to wait before realizing accrued capital gains. Elimination of the alternative tax would strongly accentuate this tendency.

TREATMENT OF CAPITAL LOSSES

Investment risk would also be affected marginally by the proposal to restrict the long-term capital loss deduction from ordinary income to 50 percent of the loss. It is no secret that investors weigh prospective gains or losses in terms of total dollars, and make their investment decisions accordingly.

The capital loss proposal assumes that many taxpayers can manage their investments so as to realize gains and losses in different years. Not only is this assumption not valid, but the proposed change would most seriously affect lower-income taxpayers who are least able to time realizations to achieve a tax advantage, and who have the least prospect of offsetting accumulated losses against future gains.

In effect, a majority of taxpayers who may sustain investment losses—which, in the lower and middle-income brackets can often amount to a sizeable portion of annual income—would be subject to further penalties. The rationale for this seems to be that it is justifiable in the interests of restricting a relatively small number of higher-bracket individuals who, however, would still be in a position to use the loss provision to best advantage.

Contrary to the avowed intent of this measure's proponents, the disparity in loss treatment would continue to exist between taxpayers who can manage their investments so as to realize gains and losses in different years—and the great majority who cannot.

CONCLUSIONS

The bill under consideration contains several additional proposals which would tend to dampen investment incentives. Two of these are discussed briefly in the full statement we have submitted to the Committee. We plan to submit a more detailed analysis of these provisions for the record at a future date.

The proposals to lengthen the holding period, to eliminate the alternative tax, and to restrict capital loss deductions would—if enacted—have a serious adverse effect on investment incentives, capital mobility and stock market liquidity.

We agree with the Secretary of the Treasury that they carry the potential for impeding economic growth in the years ahead, and we respectfully urge this Committee to reject all three provisions.

For the future, we would urge that any new proposals to revise the existing capital gains tax structure be preceded—or at the very least accompanied—by a detailed study of all aspects of capital gains taxation. We would hope that such a study would provide more definitive data—both on the effectiveness of the existing structure and on the probable impact of any proposed changes—than were available to the House Ways and Means Committee when the present bill was drafted.

ANALYSIS OF ECONOMIC ASPECTS OF THE CAPITAL GAINS TAX PROVISIONS OF H.R. 13270

Any examination of the specific capital gains tax provisions of the tax reform bill must consider the broad economic consequences which may flow from enactment of the bill in its present form. As passed by the House, these provisions constitute an effective increase in the capital gains tax. The Exchange believes that three major adverse results may be anticipated if these provisions are enacted in their present form:

(1) Risk-taking incentives and the supply of essential venture funds would be seriously curtailed.

(2) Investments in modern plant and equipment and new technologies would diminish.

(3) The mobility of capital assets, which is crucial in maintaining a dynamic and fluid economy, would be impeded.

These effects, as discussed in greater detail below, would retard long-term economic growth and enterprise and would, ultimately, limit the rise in our nation's real standard of living. The New York Stock Exchange shares the view that policies which may inhibit the incentive to invest, to innovate, and to take risks should not be enacted in haste and without careful study. The mobility of capital assets is vital to the entire concept of private enterprise. Beyond these broader economic considerations, we believe that the House proposals on capital gains will fall in their avowed purpose of redistributing tax burdens in a more equitable fashion. Therefore, the current proposals should be made to bear a heavy burden of proof before they are accepted by the Congress.

CAPITAL GAINS AND RISK

Congress has long acknowledged that there are distinct differences between ordinary income and gains realized on true capital assets, in that it is to the national economic advantage to encourage people to invest in productive enterprises. Accordingly, capital gains should be—and, since 1921, have been—subjected to a lower tax rate than ordinary income. Long-term investments play a crucial role in promoting economic growth. The House appears to have ignored the fact that the expectation of capital gains induces not only saving, but investing, and an optimum allocation of resources—all of which are indispensable to a rising per capita income.

Capital must be encouraged to flow into new ventures if society is to benefit from new technological trends and discoveries. And the individual's willingness to assume unusual capital risks depends to a considerable extent upon the prospect he sees for suitable returns. Obviously, then, higher taxes on the gains from high-risk situations would discourage investors from assuming such risks. Accordingly, if the tax provisions dealing with capital gains are altered to provide less favorable treatment, a reduced flow of equity capital to newer, more risky, business ventures and a diminution of aggregate investment will result.

IMPACT ON THE LEVEL OF INVESTMENT

There is no controversy about the need for an adequate level of investment to promote long-run economic prosperity. Government has available various fiscal and monetary tools by which it can attempt to influence aggregate investment. Since the

acquisition of physical assets, such as plant and equipment, typically requires the issuance of securities of one type or another, tax policies towards buyers of securities directly affect the ease and cost of financing expansion. Realistic tax treatment of capital gains can effectively induce the saver-investor to offer funds in greater quantity and at lower cost to enterprises undertaking the expansion of modernization of their physical facilities. A number of industrial nations—including Canada, West Germany and Japan—have indicated their awareness of this by exempting capital gains from any form of taxation.

Administration officials have voiced concern on several occasions with regard to this bill's detrimental impact on the level of real economic investment. In a recent speech to the Tax Section of the American Bar Association, Assistant Secretary of the Treasury for Tax Policy Edwin S. Cohen stated that economic analysis indicated that the Bill "involves too great an allocation of benefits to consumption and not enough to investment in productive equipment and capacity." Secretary of the Treasury David M. Kennedy reiterated the view that the House bill was "weighted in favor of consumption, to the potential detriment of the nation's productive investment." He concluded that the House version "could impede economic growth in the years ahead by curtailing the incentive to make productive investments."

CAPITAL MOBILITY

Increases in capital gains taxation will adversely affect both the level of investment and the allocation of investment funds.

Economists in general agree that the mobility of capital should be encouraged in order to achieve optimum allocation of economic resources. Tax measures which hamper investment liquidity and impair capital mobility are clearly undesirable. Increases in capital gains taxation offer a classic example of such measures. If funds are to be allocated among competing investment projects with maximum efficiency, it is essential for investors to have access to a liquid and orderly market when a sale is to be consummated. Liquidity in securities markets facilitates the purchase and sale of securities, and thereby frees capital to flow to whatever industries or companies offer the highest prospective returns. Individuals should not be deterred from making desirable shifts in the composition of their assets as their needs and expectations change. Inevitably, higher capital gains taxes, by discouraging investors from switching to other alternatives, will interfere with the optimal allocation of resources, to the ultimate detriment of economic growth.

THE LEVEL OF SAVINGS AND INFLATION

It would, in any case, be difficult to imagine a more inopportune time for setting forth the proposed changes in capital gains taxation. The major economic issue confronting the American economy today is excessive demand and inadequate savings. Inflationary pressures are intense and, to some extent, are likely to remain with us into the 1970's. Tax policy at this time should encourage savings as a means of combating the pressures of excessive demand. Instead, we find tax policy changes proposed which would increase the tax burden on capital gains. Studies indicate that individuals view capital gains in a different light than ordinary sources of income. Regarded as unusual and unpredictable receipts, capital gains are not typically consumed but are returned to the flow of savings. It follows that an increase in capital gains taxation may well stimulate consumption at the expense of savings, and decrease the over-all pool of funds available for investment. Such recommendations are inconsistent with other recent counter-inflationary policies, such as the income tax surcharge which represents a compulsory form of personal savings. To

the extent that business capital investment is financed through savings rather than through the expansion of the money supply, price pressures are relieved and the task of the Federal Reserve is made easier.

Higher aggregate savings can also lessen inflationary pressures that arise from the "cost-push" side. Greater availability of aggregate savings serves to promote investment in more productive techniques.

By making the most efficient equipment available to employees, industry improves the productivity of the labor force. Larger gains in output per man-hour serve to narrow the gap between wage increases and improvements in productivity and thereby limit the inflationary push coming from the cost side. Thus, it seems clear that in the current economic environment, any tax policy which discourages savings compounds the problem of achieving non-inflationary economic growth.

The current economic climate underscores the importance of continuing existing capital gains tax policies without significant change. From the short-run point of view as well as the longer-run goals of our economy, it would be wise to refrain from altering the tax treatment of capital gains in a manner that would reduce savings, impair the mobility of capital, and seriously interfere with the flow of capital to newer, more dynamic, and more risky ventures. We believe that the recommendations made in the House bill have been conceived in haste and are based on inadequate data. Our analysis of the economic impact of the proposals under consideration suggests that their hasty enactment can cause irreparable harm to the nation's long-term capacity for growth.

In the following pages, each of the major capital gains tax proposals is discussed in some detail, with reference to available data which we believe strongly accentuate the dangers inherent in proceeding at this time with the changes recommended by the House.

THE HOLDING PERIOD

Tax incentives for capital investment, however, are not the only determinant of capital market efficiency. Smooth functioning of a nation's capital markets is dependent upon liquidity—the ability to move readily in and out of investments. The less liquid an investment, the less attractive it is to investors. Rates of return reflect, in part, the degree of liquidity. The strength of the NYSE—and the U.S. securities markets in general—stems from the large number of orders that continually flow to it. Any diminution in the flow tends to impair market quality.

The NYSE agrees with the assertion in the House Ways and Means Committee's Report that "The holding period is an arbitrary and imperfect procedure that may be inaccurate in some specific situations, but it provides an approach under which there are significantly fewer administrative and compliance difficulties than would arise under a less objective standard." In setting this admittedly imperfect cut-off point, two considerations should be paramount. First, the barrier must be raised high enough to separate ordinary business transactions and speculation from investment; and, second, it must not be raised so high as to seriously impair market liquidity. In other words, there is a trade-off between the two objectives. To achieve one completely is to sacrifice the other.

The current six-month holding period filters out the vast majority of transactions by those who earn their livelihood by buying and selling securities. It has the same effect with regard to investors who buy and sell securities with the objective of making short-term gains. The Ways and Means Committee estimates that the revenue gain from an extension of the holding period to 12 months will ultimately total \$150 million annually. Underlying this estimate is the assumption that the proposed changes in the tax treatment of capital gains will have relatively

little impact on investment behavior. It is realistic to assume, however, that investors would tend to significantly alter their pattern of realizations to conform to the lengthened holding period requirement. Some investors would be discouraged from purchasing equities altogether. It is, of course, impossible to determine precisely, in advance, the revenue effect of a changed holding pattern. It is clear, however, that, at best, postponement of realizations would tend to minimize the revenue gain associated with a holding period extension and might very well lead to a revenue loss.

The problem is to weigh the uncertain promise of a small revenue gain against the economic disadvantages which would stem from a holding period extension.

EFFECTIVENESS OF THE SIX-MONTH HOLDING PERIOD

All available data indicate that the six-month holding period is more than ample to filter out the majority of "non-investment" transactions. Transactions data from the 1962 Internal Revenue study of capital gains, for example, demonstrate where long-term investment apparently is not the motivating factor, there is a strong tendency to go for quick gains.

TABLE I.—Gains transactions in corporate stock by length of holding period, 1962

Holding periods:	Number of transactions
Short term, total.....	1,124,449
Under 1 month.....	408,114
1 under 3 months.....	316,687
3 under 6 months.....	260,411
Not available.....	139,237
Long term, total.....	2,621,942
6 to 12 months.....	432,214
1 under 2 years.....	472,202
2 under 3 years.....	300,343
3 under 4 years.....	223,332
4 under 5 years.....	151,044
5 under 10 years.....	411,212
10 under 15 years.....	153,808
15 under 20 years.....	71,304
20 years and more.....	78,422
Not available.....	328,061
Total, all periods.....	3,746,391

SOURCE: "Statistics of Income—1962, Supplemental Report, Sales of Capital Assets Reported on Individual Income Tax Returns," U.S. Treasury Department, Table 12, p. 112.

As can be seen from Table I, 2.6 times as many transactions occurred in stock held under six months than in stock held from six months to a year. Especially significant is the fact that the number of gain transactions that occurred in stock held under one month (408,000) was almost as great as the total for the entire six to twelve-month

period (432,000). The number of gain transactions that occurred within three months of purchase is, in fact, so great—approximately three-fourths of all short-term gain transactions—as to suggest that six months may be a longer period than necessary to catch most non-investment transactions.

Corroboration of this view is apparent in the findings of studies of public transactions on the NYSE over the years. Results of the most recent studies are presented below.

TABLE II.—VALUE OF SHARES SOLD BY INDIVIDUALS BY HOLDING PERIODS

NYSE public transaction studies	[In percent]		
	Holding periods		
	1 month or less	Over 1 to 6 months	Over 6 months
1960.....	17	22	161
1961.....	10	32	58
1963.....	24	29	47
1965.....	12	28	60
1966.....	23	23	54

¹ Percentages are based on total excluding "don't know" category.

² Over 1 to 3 months of holding accounted for 16 percent of total sales and over 3 months to 6 months accounted for 13 percent.

³ Over 6 to 12 months of holding accounted for 18 percent of sales.

Source: New York Stock Exchange.

As can be seen in the summary of the five studies in Table II, from two-fifths to over half of the value of sales occurred before the end of the six-month holding period, with disproportionately large dollar volume of sales taking place within the first month after purchase. A more detailed analysis of holding periods is available only for the 1963 study.

In that study, not only did most sales (53%) not qualify for long-term gains under the six-month test, but also the amount of sales within the first six months of holding were nearly three times greater than the amount in the six-to-12 month period.

There was a greater tendency to sell within three to six months after purchase than in six to twelve months. Putting the 1963 sales data on a monthly average basis, to allow for the difference in length of period, the ratio of all sales made in the three-to-six-month holding period (4.2%) was higher than the ratio for sales in the later period (3.0%).

In 1966, the American Stock Exchange undertook a similar study, the results of which confirm the findings of the 1963 NYSE study. As can be seen, 66% of the value of sales did not qualify for capital gains treatment, and only 13% of the sales total was attributable to holdings in the six-to-12 month category. Furthermore, the highest income group accounted for a disproportionately low share of sales in the six-to-12 month holding period.

value of shares sold during a one-week period was held longer than six months. By contrast, 86% of the shares sold and 90% of their value were held one month or less.

The foregoing analysis of transactions strongly suggests that the six-month holding period is more than doing the job it was intended for. While it "may be inaccurate in some specific situations," it is clear that the six-month holding period excludes from long-term capital gains treatment the vast majority of transactions which are not consistent with the basic concept of what should and what should not qualify for preferential treatment.

SHORTCOMINGS OF WAYS AND MEANS COMMITTEE ANALYSIS

Underlying the NYSE analysis is the concept that the most accurate measure of the holding period's effectiveness is the number and value of transactions disqualified from capital gains treatment. The Ways and Means Committee's conclusion that the current holding period is not adequate for the job of distinguishing between investment and non-investment transactions stems from a limited perspective of the problem. Rather than measuring transactions directly, the Committee looked at Capital gains realizations. Standing alone, gains realizations give little indication of trading patterns. One should also ask, how much trading do the gains represent?

For example, the Ways and Means Committee supports its contention that "... assets held between 6 months and 1 year tend to be speculative" by showing "that almost 90% of all capital gains on corporate stock in 1962 arose from sales occurring after 1 year of possession." But this offers no true indication of the efficacy of the six-month holding period. As indicated in the table on transactions above (Table I), taken from the same IRS study used in the Ways and Means Committee analysis, more capital gains transactions in stock (472,000) occurred between the first and second years of holding than in the 6 to 12-month period. By contrast, 1,124,000 transactions took place before the expiration of the holding period. If the six-month holding period did not adequately cope with the question of speculative and normal business transactions, we would expect the opposite results—that is, a jump in gain transactions from the first to the second half of the year after purchase and a decline in the number of transactions in the second year after purchase.

The pattern of transactions provides a more reasonable basis for judging the holding period than the statistic that almost 90% of gain occurs from sales occurring after one year of possession. This compares growth over a single year with the total of gains which have accrued over many years. Obviously, in a growing economy with a secularly rising stock market, the dollar value of appreciated stocks held over a period of years will be substantial.

The Ways and Means Committee Report offers as evidence of the inadequacy of the current holding period, the "sharp increase in sales between the sixth and seventh months the stock was held." The fact is that there will always be a tendency for realizations to bulge at the expiration of a holding period of any duration.

In appraising both the preceding and the Ways and Means Committee's discussion of trading patterns during the first year, it must be noted that 1962, the only year for which detailed IRS data on gains realizations are available, was undoubtedly an atypical year. A sharp market break in the spring of that year prompted early realizations of both profits and losses in order to preserve the former and minimize the latter. The high ratio of realized losses to gains emphasizes this point. In 1962, short-term losses reported to IRS (\$768,000,000) were 2.2 times greater than short-term gains. Similarly, the

TABLE III.—VALUE OF SHARES SOLD, BY HOLDING PERIODS, AMERICAN STOCK EXCHANGE, MAY 25, 1966

Income class	[In percent]						
	Short sales	Under 1 month	1 to 3 months	3 to 6 months	6 to 12 months	12 plus months	Unknown
Under \$10,000.....	5	29	23	11	15	9	8
\$10,000 to \$25,000.....	9	25	15	13	13	18	8
\$25,000 plus.....	10	27	14	10	9	25	5
Unknown.....		24	12	27	13	12	12
Total.....	7	28	20	11	13	14	7

The transactions data collected by the New York and American exchanges, do not specifically isolate the trading proclivities of short-term traders, who are the prime target of the holding period. We believe, however, that the typical short-term trader is interested in rapid turnover of funds with relatively small profits on each transaction,

rather than with achieving long-term capital gains treatment.

Evidence on this point is provided by a study made in July 1961 among NYSE floor members who traded for their own account. There is little reason to doubt that the 1961 findings remain valid today. The study found that only 3% of both number and

value of losses realized after six to 12 months of holding (\$804,000,000) was double the value of six-to-12-month gains.

The 1962 pattern of realizations emphasizes the need for preserving flexibility for the investor. No matter what his initial intentions, he is exposed to the fluctuations of the market after making his original purchase. An intended "long-term investment" may become a short-term gain, or even a loss as market conditions shift. The greater uncertainties of a longer holding period are bound to discourage investors. It would impede the mobility of capital and thereby lessen market liquidity. New ventures, particularly, would find financing more difficult as the longer holding period added to the basic risk associated with venture capital.

From the Treasury's point of view, a longer holding period, particularly in a year like 1962, would reduce revenue collections. This would occur because the investor is often well-advised to wait for the end of the holding period, even if substantial erosion in his gain takes place. With capital gains taxed at half the regular rate, the investor in the 50% tax bracket waiting for the holding period expiration could accept a one-third erosion in his gain and still come out with the same after-tax profit. At the top 70% marginal rate, the break-even point is a 60% erosion in profits, assuming a 25% alternative capital gains tax rate.

TABLE IV.—EROSION IN GROSS GAIN AT WHICH CAPITAL GAINS AND REGULAR TAX RATES RESULT IN EQUIVALENT AFTER-TAX YIELDS

[In percent]			
Marginal tax rate	Erosion factor	Marginal tax rate	Erosion factor
14.....	8	50.....	33
20.....	11	60.....	47
30.....	18	70.....	60
40.....	25		

¹ Assumes 25 percent alternative capital gains tax rate.

WHO USES THE 6-12 MONTH HOLDING PERIOD?

The Ways and Means Committee report asserts that the inadequacy of the six-month holding period is demonstrated by the pattern of realizations in the first year of holding by the \$100,000-and-over group. The report demonstrates that the top income group realizes a far greater portion of its first-year gain in the six-to-12 month period than in the 0-six month period. As shown in the preceding table (Table IV), that is to be expected since higher income groups take a smaller risk (in after-tax profits) in delaying realizations than do lower income groups. This pattern would hold no matter what the holding period.

Furthermore, the Committee report does not point out that the higher income groups tend to hold assets longer than the lower income groups. In fact, when the data for all long-term realizations are examined—rather than just those for the first year—we find that in terms of total long-term capital gains, realizations in the six-to-12 months period are far more important for the lower income groups than the higher income groups.

For example, as indicated on Table VI, in 1962, only 4% of all realized long-term gains on returns with incomes of \$100,000 or more were from assets held 6 to 12 months. By contrast, the respective ratios were 10% and 9% for those with incomes of under \$10,000 and from \$10,000 to under \$50,000.

Put another way, the \$100,000 and over group, while accounting for 33% of all reported long-term gains in 1962, accounted for only 17% of all gains realized in the six-to-12 month period; while taxpayers with incomes under \$10,000 accounted for 16% of all gains realized in the six-to-12 month period—and those in the \$10-50,000 bracket accounted for 50% (Table V).

Similar results were obtained in the Ameri-

can Stock Exchange study. The AMEX study indicated that 74% of all sales in the six-to-12 month period were made by persons in the under-\$10,000 group, compared with only 14% for the over \$25,000 group. By contrast, their portion of sales of stock held longer than one year were 44% and 40%, respectively.

TABLE V.—DISTRIBUTION OF CORPORATE STOCK CAPITAL GAINS BY HOLDING PERIOD AND INCOME CLASS, 1962

Holding periods	Taxable returns			
	Under \$10,000	\$10,000 under \$50,000	\$50,000 under \$100,000	\$100,000 and over
6 to 12 months.....	16	50	16	17
1 under 2 years.....	16	50	17	18
2 under 3 years.....	15	47	16	22
3 under 4 years.....	14	47	16	22
4 under 5 years.....	15	45	17	23
5 under 10 years.....	13	39	16	32
10 under 15 years.....	7	39	16	39
15 under 20 years.....	5	31	16	48
20 years and over.....	8	21	12	59
Total, all periods.....	11	40	16	33

Source: "Statistics of Income—1962, Supplemental Report, Sales of Capital Assets Reported on Individual Income Tax Returns," U.S. Treasury Department, table 12, p. 112.

Available data give strong indication that lengthening the holding period would not exclude very many additional non-investment transactions from long-term capital gains treatment. Its principal effect would be to realign investment holding patterns, hinder market liquidity and capital mobility and increase the risk to venture capital.

ALTERNATIVE RATE

Among the proposed revisions in capital gains treatment, the most direct impact on the flow of risk capital would stem from elimination of the alternative tax rate. First, it would lower the incentive to put money at risk by reducing the after-tax reward. Second, it would discourage the movement of capital from mature, less risky investments to new and unproved but potentially rewarding opportunities by raising the tax cost of transferring investments. Ultimately, the cost of capital would rise as entrepreneurs vie for shares of the smaller pool of venture capital.

Relatively few individuals qualify for use of the alternative rate on long-term capital gains; however, it is this group that is the prime source of venture capital. These investors provide the cutting edge of economic growth.

In the landmark study, *Effects of Taxation, Investments by Individuals*, it was concluded that "... business must look mainly to a very small percentage of the population—individuals with large incomes or substantial holdings of wealth or both—to find any widespread willingness to assume the risks of business ownership, especially of unseasoned enterprises." The authors also found that there is "... very strong evidence for the validity of the major finding of this section, namely, that the investment decisions of the upper income and wealth groups are of overwhelming importance in governing the flow of equity capital from private investors to business enterprise."

While any blunting of investment incentives serves as an impediment to the generation and free flow of investment capital—as the NYSE has pointed out many times—its effects are magnified as the degree of risk increases. It is a fact of economic life that the relative handful of large savers are in the best position to supply risk capital. The problem is to maintain an investment environment which would stimulate the large

* J. Keith Butters, Lawrence E. Thompson, and Lynn L. Bollinger, *Effects of Taxation, Investments by Individuals* (Cambridge, Mass.: The Riverside Press, 1953), p. 27.

savers to frequently turn over their matured investments and seek out new risk situations. The tax penalty for turning over an investment is clearly a major factor in the decision.

A dollar in an existing investment paying a reasonable return at minimum risk, often proves more attractive than 75 cents (after the alternative capital gains tax) in a high-risk investment that holds out the possibility of sizeable returns. The existing investment dollar looks even more attractive to top-bracket taxpayers when its after-tax value drops 13%, from 75 to 65 cents. The lower the after-tax value of an existing investment, the more likely the investor is to hold on to it—or "lock" himself in. This "lock-in" effect is generally acknowledged.

The 1965 capital gains study conducted for the NYSE by Louis Harris and Associates, Inc. was designed to measure investors' reactions to 20% and 50% reductions in tax rates. In examining the long-run implications of a 20% cut in the maximum capital gains tax rate, Harris estimated that Treasury revenues would rise by slightly more than one-quarter. If the maximum rate were halved, to 12½%, estimated revenues would climb nearly three-quarters. The implications of these findings in the context of a tax rate increase are clearly disturbing.

This study of the lock-in effect of the capital gains tax suggests that an increase in the rate would have a substantial impact on capital mobility. As a consequence of the decline in gains realizations, the revenue increment would not rise in proportion to the increase in the effective capital gains tax rate.

CURRENT HOLDING PATTERNS

Available data clearly demonstrate that the higher the income, the greater the tendency to wait before realizing accrued capital gains. This shows up in the following table.

TABLE VI.—DISTRIBUTION OF REALIZED LONG-TERM CAPITAL GAINS ON CORPORATE STOCK, BY HOLDING PERIODS AND INCOME SIZE CLASS, 1962

Holding period	Taxable returns			
	Under \$10,000	\$10,000 under \$50,000	\$50,000 under \$100,000	\$100,000 and over
6 to 12 months.....	10	9	7	4
1 under 2 years.....	13	12	10	5
2 under 3 years.....	11	10	9	5
3 under 4 years.....	9	9	8	6
4 under 5 years.....	8	7	7	4
5 under 10 years.....	28	25	25	24
10 under 15 years.....	8	14	15	17
15 under 20 years.....	4	7	9	13
20 years and over.....	9	7	10	22
Total.....	100	100	100	100

Source: "Statistics of Income, 1962, Supplemental Report, Sales of Capital Assets Reported on Individual Income Tax Returns," U.S. Treasury Department, table 12, p. 112.

In the lowest (under \$10,000) income group, 51% of total long-term capital gains were realized on assets held five years or less. While this ratio is only modestly higher than those for the \$10,000-to-under \$50,000 and \$50,000-to-under \$100,000 income groups, it is more than double the 24% ratio for the over \$100,000 income group. By contrast, 22% of gains realizations by the top income group were accounted for by sales of holdings of 20 years or more, compared with only 7% to 10% for the three lower income groups.

We do not mean to imply that differences in the timing of realizations are all attributable to the lock-in effect. We do suggest, however, that securities markets (and other investors) would be better served if the holding pattern of the top income earners more closely resembled that of the less affluent groups (i.e., more frequent asset turnover). Elimination of the alternative tax on long-

term capital gains would have the opposite effect. It would further widen the disparity in length of holding.

From the point of view of capital mobility, inclusion of capital gains in income averaging is not a substitute for the alternative tax. While the latter helps to ease the lock-in problem somewhat, income averaging would tend to aggravate it by providing an incentive to postpone the realization of gains so as to qualify for the advantages of averaging.

The blunting of tax incentives to the prime source of venture capital will mean more competition for the pool of available risk money. Returns to risk capital will have to rise if new ventures are to attract equity financing. In turn, desirable, but less promising, new ventures may fall by the wayside in the tougher competition for risk capital.

In an environment of strong competition for funds, it is especially imperative that incentives for risk capital be preserved if the business sector is to make a maximum contribution to national economic growth and well-being. The proposal to eliminate the alternative tax—which is essentially a technique for increasing the tax rate for the most substantial investors—offers a virtually foolproof means of reducing such incentives.

TREATMENT OF CAPITAL LOSSES

Investment risk would also be affected marginally by the proposal to restrict the long-term capital loss deduction from ordinary income to 50% of the loss. Investors weigh prospective gains or losses in terms of total dollars and make their judgments accordingly.

The proposal is largely predicated on the assumption that many taxpayers are in a position to manage their investments in such a way as to realize gains and losses in different years. Not only is the assumption not valid, but the proposed change would have the greatest impact on the lower-income

groups, which are in the least advantageous position to arrange the timing of realizations to qualify for beneficial tax treatment. In effect, the great bulk of taxpayers already hurt by investment losses—often amounting to a sizeable portion of annual income—would be further penalized in order to restrict a relatively small number of taxpayers who are in a position to use the loss provision to best advantage.

Not only does that rationale lead to inequities, but it still does not deal directly with the problem. Taxpayers in a position to properly time gain and loss realizations would still do so.

It should be emphasized that most capital losses (74% in 1962) result from stock sales. Stockholdings are subject to market fluctuations. For the most part, losses may be realized either because of the need for cash or to prevent possible erosion of the value of holdings. In either case, the sale cannot be postponed for very long. Similarly, for most investors, the possibility of erosion of the gain during the period when realization is postponed generally outweighs the advantage of the minor tax saving attributable to proper timing.

From the individual's point of view, a loss is a loss no matter how it comes. A dollar lost through a decline in an investment hurts just as much financially as one lost through negligence or theft.

IMPACT OF THE PROPOSED TREATMENT OF LOSSES

The limitation on deduction of loss hits hardest at the lower-income groups. In point of fact, lower-income taxpayers with losses have far less of a possibility of offsetting losses against future gains or future income than do upper-income taxpayers. As a group, lower-income taxpayers sustain very high losses in relation to income.

TABLE VII.—LONG-TERM CAPITAL LOSS CARRYOVER ON TAXABLE RETURNS SHOWING NET CAPITAL LOSS, 1966

Adjusted gross income classes	Average adjusted gross income	Average carryover	Average carryover as percent of average income
Under \$3,000	1,432	3,589	254
\$3,000 to under \$4,000	3,491	2,974	85
\$4,000 to under \$5,000	4,500	6,744	151
\$5,000 to under \$6,000	5,005	13,628	248
\$6,000 to under \$8,000	6,985	8,838	127
\$8,000 to under \$10,000	8,941	4,308	48
\$10,000 to under \$15,000	11,937	4,142	35
\$15,000 to under \$20,000	16,976	5,428	32
\$20,000 to under \$30,000	28,240	5,458	19
\$30,000 to under \$100,000	65,847	7,183	11
\$100,000 to under \$200,000	131,729	10,574	8
\$200,000 to under \$500,000	280,453	16,202	6
\$500,000 to under \$1,000,000	670,661	14,077	2
\$1,000,000 and over	2,161,328	15,125	1

Source: Adapted from "Statistics of Income—1966 Individual Income Tax Returns," U.S. Treasury Department, table 19, p. 41.

For returns with under \$8,000 of adjusted gross income, the average capital loss carryover generally runs well in excess of income. The ratio of loss carryover to income dwindles as income rises above \$8,000, falling to only 1% for the top income earners.

That the tax burden of proposed capital loss limitations (including revised treatment of losses of married couples) will fall upon the lower and middle-income groups is corroborated by the Ways and Means Committee's revenue estimates. Of the \$65 million of additional revenue attributable to the change in treatment of losses, 57% would be paid by the under \$15,000 income group and 34% by the under \$10,000 group.

In summary, net capital losses in practice have been virtually nondeductible. The proposed changes in treatment of losses will further penalize investors whose financial positions have already been impaired. They would hit hardest at individuals in the low and middle-income groups, who have the least

prospect of offsetting accumulated losses against future gains.

OTHER PROVISIONS AFFECTING INVESTORS

In addition to the three proposed revisions in capital gains treatment already discussed, the Bill contains several other proposals which would tend to dampen investment incentives. The NYSE will submit a detailed statement on these to the Committee on Finance at a future date. Here, we will comment only briefly on two of these proposals.

Disallowance of nonbusiness deductions

Non-corporate taxpayers would be required to allocate non-business deductions—such as interest, state and local taxes, charitable contributions, casualty losses and medical expenses—between taxable income and tax preference items. The latter include one-half of long-term capital gains, presumably on the theory that one-half of long-term capital gains is being excluded from income.

In simplest terms, the proposal amounts

to an increase in the effective rate of the capital gains tax. It does by indirection and through administrative complexity what could be more easily done by a simple increase in the tax rate, if that were thought desirable. The burden of the change in treatment of deductions would fall primarily on those individuals who are the major source of venture capital. Their response to the proposed change would be essentially the same as it would be to an increase in the alternative tax (discussed above).

In addition, the provision does not differentiate between capital gains realized in connection with a trade or business as contrasted with ordinary investments.

Furthermore, the rationale for the allocation of deductions between income included and excluded from taxable income does not, in actual practice, apply to the vast majority of realized capital gains. In the words of the report of the Committee on Ways and Means, "The bill essentially requires allocation of any itemized deduction where it is reasonable to assume that a portion of the pertinent expense is met out of nontaxable income." The fact is that most individuals who would be affected—those with relatively large capital gains—would tend to reinvest their realized funds rather than use them for living expenses—the assumption on which the proposal is based.

Overlooked completely by the proposal is its effect on the relationship between state income taxes and the Federal tax. Escalation of state tax rates at the upper end of the income scale is predicated on the theory that the taxpayer would recoup a large part of the additional tax through the state tax deduction. In addition, since many states tie their tax base to the Federal base, effective state income taxes in many instances would also rise. Combined, the two would have substantial effect on total tax costs (state and Federal) of large investors which the report of the Ways and Means Committee evidently did not foresee.

Limitation on deduction of investment interest

Limiting the interest deduction on loans used to finance investment property to \$25,000 over and above investment income also penalizes those individuals who exhibit the greatest willingness to take investment risks. It seems anomalous to permit unlimited interest deductions for consumption purposes, while limiting interest deductions on funds put into productive investment. Furthermore, where does one draw the line between legitimate risk-taking through leveraging investments and tax considerations? Even where tax considerations are a factor, the end result is still an increase in investment.

This provision was apparently prompted by the widely-publicized 150 or so high-income returns for 1966 in which excess investment interest allegedly was used to insulate from taxation other types of income received by the taxpayers. The simple way of handling this situation would have been to include investment interest within the "limit on tax preferences" structure. Instead, the Bill offers an extremely complex provision which is shot-through with possibilities for inequities.

To the extent that interest must be offset against long-term capital gains, with an effective 50% disallowance, the real tax on such gains is substantially increased.

If the investment on which the interest is being paid results in a capital loss, both the loss and the interest in excess of the minimum are disallowed—a disturbing new form of double tax jeopardy. When a taxpayer repays investment borrowings from non-investment income, he can deduct practically no capital losses and, under this Bill, only limited amounts of investment interest.

The argument that the \$25,000 annual limitation means that only substantial investors are confronted with such a choice of alternatives hardly alters the intrinsic unfairness of the provision. It underscores however, the fact that the impact of the Bill falls most heavily upon those investors who necessarily must be depended upon to supply a major share of risk capital.

CONCLUSION

The whole question of investment incentives, including capital gains taxation, is fraught with uncertainty. That incentives for investment are essential for sustained economic growth in a free enterprise economy is not in dispute. What constitutes a proper level of incentives is a question on which reasonable men can differ. The existing treatment of capital gains has been essentially unchanged for over a quarter of a century. Over that period, the U.S. has compiled an enviable record of economic growth.

In the years immediately ahead, the rate of generation of new capital must be stepped up if our economy is to meet the demands put upon it by an increasingly sophisticated and expensive industrial plant and a population demanding an attack on the backlog of social and environmental problems. In the face of these needs, the structure of incentives which has proved out over the years should not be casually or hastily dismantled.

Unfortunately, there is little hard current data on the capital gains tax and other incentives. Based on the fragmentary data that do exist, the NYSE believes that the various capital gains provisions are essentially doing the job for which they were designed.

Heavy reliance by proponents as well as opponents of capital gains tax revision has been put on a single study done in 1962—a year in which stock market performance, and probably gains realizations, was distinctly not typical.

As we have demonstrated, the existing data offer no persuasive rationale for altering the existing capital gains tax structure at this time; and, in fact, there is every indication that the provisions now in effect are accomplishing the job for which they were designed.

If, at some future time, it should be deemed desirable to alter the present tax treatment of capital gains, it would certainly seem necessary to base any proposals for far-reaching changes on a detailed study of capital gains. Such a study would aim to provide timely and definitive new data on all aspects of the capital gains tax provisions of the Internal Revenue Code.

CAN "POLITICAL REALISM" HALT THE WAGE-PRICE SPIRAL?

HON. JEFFERY COHELAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. COHELAN. Mr. Speaker, Herbert Rowen, business and financial editor of the Washington Post, recently wrote an article that succinctly challenges the wisdom of President Nixon's rejection of wage-price guidelines.

Inflation still spirals, unemployment still rises, but our President refuses to acknowledge that prices in major industries must be held down. Mr. Rowen correctly writes that "pricing moves—as in autos and steel—are often precisely the ones that set national patterns and affect the general psychology."

To meet with the leaders of the auto-

mobile and steel industries and to ask them to consider their responsibility to the economy, however, is "jawboning" which Mr. Nixon self-righteously refuses to do.

"Jawboning" is immoral, our President has indicated, but he has also said that his real reason for not partaking in such "immoral pursuits" is that they do not work. Instead, President Nixon plans to rely totally on tight money and expenditure control.

Mr. Speaker, President Nixon's negation of leadership in the area of wage-price guidelines indicates to me that our President's concept of what will or will not work tends to favor the corporations. Corporate profits increase or stay level while the trap of inflation clamps its jaw on the wage earner.

To further elucidate why wage-price controls should be used by the President, I am including Mr. Rowan's article in the Record at this point:

CAN "POLITICAL REALISM" HALT THE WAGE-PRICE SPIRAL?

(By Hobart Rowen)

We now have Mr. Nixon's word for it that he rejected wage-price guidelines not only because they are a fraud and immoral, "but most important" because they are ineffective. Presumably, the President would be less bothered by the ethical consideration and discriminatory impact of guidelines—if only they worked.

At least, that is a candid revelation. By his own definition, re-stated at last week's press conference, Mr. Nixon is a "political realist." Thus, he was able to say he would swallow a reduction in the oil depletion allowance (although he had always opposed such a change) because the House insisted on reducing the allowance as part of the tax reform bill—and he wants tax reform.

These are valuable clues to the thinking of the President. A close associate says, "above all he is a pragmatist," recalling how the President reversed his opposition to junking the 7 per cent investment tax credit earlier this year, when it became clear the Democrats controlled that issue.

That leads us back to the wage-price question. No one has seriously advocated re-instituting wage-price controls, or even a formal set of guideposts; inflation, as a consequence of huge Vietnam war costs financed by borrowings instead of taxes, has overrun the old 3.2 per cent benchmark.

So President Nixon, as he knew, was beating a dead horse. But what has been suggested is that the President still has great power to demand of big industrial corporations and big unions that they exercise a degree of restraint.

This has been called "jawboning," because the sanctions behind such a request depend mostly (but not wholly) on the conviction in the President's voice. And after saying that he wouldn't resort to any such tactic, President Nixon then proceeded to do a bit of jawboning, even while disavowing it.

"I am not jawboning and telling them to reform themselves . . ." Mr. Nixon said at his press conference. "But I do say this: that labor and management, labor that asks for exorbitant wage increases, management that raises prices too high, will be pricing themselves out of the market."

This was a very mild and justifiable warning, nothing more than Economic Council Chairman Paul W. McCracken and Labor Secretary Shultz themselves had done before. But it was much less than some others on the Nixon team had hope he would do.

What can White House-backed pressure really accomplish? Let us look at three examples from the very recent past:

A year ago, after a good-humored session in the office of Arthur Okun, LBJ's economic adviser, General Motors' boss John Roche pared an intended \$100 average car increase back to \$48. This year, the boost was \$125—after Mr. Nixon had publicly announced there would be no intervention in such decisions.

In April, 1968, major U.S. companies raised heating oil prices. The increase didn't stick, whereupon the companies rolled wholesale prices back but left consumer prices at the higher level. This bonanza to wholesalers was repealed after the Economic Council made a polite representation to the industry.

When the 10 per cent tax surcharge was passed last year a number of state utility commissions began to figure the cost, automatically, into companies' rate bases. But a letter from Treasury Secretary Henry H. Fowler urging the commissions to consider first whether the companies would be able to earn their allowable returns, even with surtax, halted this movement in its tracks. Estimates are that by holding the utilities in check consumers may have been saved \$200 million.

This is the kind of effort the Nixon administration rejects, in part because it is discriminatory. But such pricing moves—as in autos or in steel—are often precisely the ones that set national patterns and affect the general psychology.

Stubbornly, the Nixon administration "game plan" relies exclusively on tight money and expenditure control to reduce total demand. It's a calculated policy of letting steam run out of the economy, whether it becomes a "slowdown," "recessionette," "mini-recession," or what-have-you.

The result is to discourage real growth in the economy—a process that must be accompanied by an increase in unemployment.

Eventually, if Mr. Nixon's administration follows this "game plan" unremittently, it will work. That is, it will slow the economy down and produce some kind of recession (maybe in time for the 1970 congressional elections).

But the problem is that a tight budget and a tight monetary policy do not necessarily come to grips with a wage-price spiral. A federal surplus will not affect wage increases averaging 7 per cent already built into the economy for several years ahead. And Mr. Nixon's scenario of total reliance on aggregate controls does nothing about structural problems; nothing in his "game plan," for example, will affect soaring hospital or doctor costs.

One would think that a political realist, with an eye on 1970, wouldn't shrink from a little tough-turkey talk with industry and union leaders when they forget the public interest.

MAYOR DALEY PROCLAIMS MAHATMA GANDHI DAY

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. MIKVA. Mr. Speaker, today, October 2, 1969, people of all nations will celebrate the birth-centennial of Mahatma Gandhi. Pursuant to a UNESCO resolution, all member states will mark this anniversary. Former Vice President, Mr. Hubert H. Humphrey, is heading the U.S. National Gandhi Centenary Committee.

In honor of the event, the mayor of the city of Chicago, Richard J. Daley has proclaimed October 2, 1969, as Mahatma Gandhi Day in Chicago. The Mahatma Gandhi Centennial Committee

of Greater Chicago, headed by Patrick F. Crowley and sponsored by 60 leading Chicago organizations has planned an exciting program for this special day. The main event will feature addresses by the Reverend Jesse Jackson, on "The Relevance of Mahatma Gandhi" and by Illinois State Treasurer, Adlai Stevenson III, on "Gandhi's Message for the World Today."

Because of Mahatma Gandhi's important place in history and the special events planned in Chicago, I invite my colleagues' attention to the following proclamation.

The proclamation referred to follows:

PROCLAMATION

Whereas, October 2, 1969 marks the 100th anniversary of the birth of Mahatma Gandhi, one of the greatest servants of mankind in the 20th century; and

Whereas, Mahatma Gandhi earnestly sought early progress towards the achievement of a peaceful, happy, harmonious and cooperative community for all men; and

Whereas, Mahatma Gandhi dedicated his life and talents to the establishment of a social order based on peace and brotherhood; and

Whereas, Mahatma Gandhi exemplified the values of love, truth and non-violence in his life in the fullest measure, thus providing an appropriate basis for the establishment of such a social order; and

Whereas, the centennial of Mahatma Gandhi's birth provides a most suitable occasion for renewing hope and confidence in the creation of social order governed by the basic human values for which Gandhi stood; and

Whereas, the Mahatma Gandhi Centennial Committee of Greater Chicago has taken leadership in the commemoration of the centenary of Mahatma Gandhi's birth, thus calling world attention to Chicago's pre-eminent position in the field of international relations;

Now, therefore, I, Richard J. Daley, Mayor of the City of Chicago do hereby proclaim Thursday, October 2, 1969, as "Mahatma Gandhi Day in Chicago" and do call upon the people of the City of Chicago to assist and participate in the proper observance of this anniversary celebration.

Dated this 15th day of May, A.D., 1969.

RICHARD J. DALEY,
Mayor.

PULASKI DAY PARADE

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. ADDABBO. Mr. Speaker, on October 5, the 33d annual Pulaski Day Parade will head up Fifth Avenue and millions of Americans will take time to remember the great contributions which our fellow citizens of Polish descent have made to our Nation.

This year marks the 190th anniversary of the death of Brig. Gen. Casimir Pulaski, who was one of the heroes of American independence. General Pulaski died of wounds suffered at the Battle of Savannah and his devotion to America serves as a rallying point for our 10 million citizens of Polish descent.

On Pulaski Day, we also honor the heroes of the Warsaw uprising and the successful Polish soliders who fought at Monte Casino 25 years ago.

Perhaps the most important thoughts shared by Americans on Pulaski Day are those thoughts of support and good will for the people of Poland who remain oppressed but have never lost the dream of freedom.

On October 5 as thousands in New York City and other communities march in Pulaski Day Parades, the people of Poland will know that they are not alone in their desire for liberation and their determination will be strengthened by our expression of sympathy and support.

AUTOMOBILE PRICE ADVERTISING

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. O'NEILL of Massachusetts. Mr. Speaker, I would like to commend the fine and comprehensive work of Mr. Dermot P. Shea, executive secretary of the State Consumers' Council of the Commonwealth of Massachusetts.

Our State is quite fortunate to have a man as dedicated as Mr. Shea in his struggle to eliminate many of the unfair practices of the automobile retailing industry. He has been able, through his extensive amount of research, data, and investigation, to help alert the people of the Commonwealth to the misrepresentation of many automobile transactions.

I feel that the testimony which he presented on September 17, 1969, to the Federal Trade Commission's public hearing in Washington, D.C., should be read by every Member of this body. This testimony was researched and prepared by the State Consumers' Council of the Commonwealth of Massachusetts. The council is a statutory body charged with representing the consumers in government and in the marketplace. Dermot Shea and his council should be congratulated on his testimony, which clearly defines the vast spectrum of dishonest techniques that can hoodwink the car-buying public.

Mr. Speaker, we must take heed of Mr. Shea's testimony and help to abolish all practices of dishonest marketing in the automobile business.

I present his testimony for the benefit of my colleagues:

MISREPRESENTATION IN AUTOMOBILE PRICE ADVERTISING

My name is Dermot P. Shea. I am the Executive Secretary of the State Consumers' Council of the Commonwealth of Massachusetts. The Council is a statutory body charged with representing the consumer interests in government and in the marketplace.

I am happy to be here today to represent the consumers of the Commonwealth at this important hearing. The serious problems in automobile merchandising field led the Council to sponsor and fight for the enactment of the Massachusetts odometer law, the retail installment sales act with its truth-in-lending provision, the deceptive trade practices act modeled after the Federal Trade law itself, among other pieces of corrective legislation. I would like to state for the record that our Agency has always received the fullest cooperation from the Federal

Trade Commission, both from the Boston regional office as well as here in Washington.

I admire the courage of the Federal Trade Commission in undertaking to probe into the problem of new automobile price advertising. Actually, it is easier for the consumer to figure what the true national debt is than to determine the actual retail price of an automobile. Certainly it is one of the most chronic and serious problems of the entire automobile industry. Because of the deliberate confusion in this area induced by the automobile manufacturers, as well as marginal automobile dealers, the consumers are being bilked by not being given full and proper information as to the true going retail price while they are in the showroom. Therefore, in the overwhelming majority of automobile retail transactions, the consumer has not been given a true market value choice.

In my judgment, based upon the experience of the Consumers' Council with the retail area in the marketing of automobiles, what is lacking in the automotive trade, among others things, is *price integrity at the retail level*. I am making an effort to stay on the subject of this hearing which relates to the price structure of this trade but I cannot help making a pertinent aside to quote briefly from a complaint just received by the Council from a consumer which follows:

"I am concerned, as are many other citizens, with the skyrocketing prices being charged for the shoddy merchandise the consumer is forced to buy. During this time of spiraling inflation and excessive prices, the consumer needs protection more than ever. The average person is paying sky high prices for merchandise that is of extremely poor quality."

"An example of the poor quality of merchandise is our nation's leading product—automobiles. An average price of \$3,000 will buy the consumer a car with doors, windows, seats and screws loose, parts missing, and most things assembled or installed incorrectly. Every car dealer is so overwhelmed with repairs on other new cars, that he cannot possibly service every car he sells. The consumer may find also that after he has had the car awhile and has driven it many miles, the manufacturer may call in thousands of these cars and claim that a part is defective and the car is unsafe to drive!"

The point of referring to this additional area of concern, such as poor quality workmanship at the manufacturing level, and the very serious breakdown of warranty performance by factory and dealer alike is to emphasize that the whole spectrum of automobile problems is the direct result of the morass of ineptitude and shysterism in the automobile marketplace. Price deception is one of these major problems.

All the advertising promotions and public relation gimmicks of the automobile manufacturers have not and cannot cure the basic problem the entire automobile industry faces—the *question of integrity of product and marketing which includes the pricing structure of this industry*.

Here are examples of the oriental bazaar type of advertising now occurring in Massachusetts and elsewhere. I hereby submit copies of local dealership ads:

EXAMPLE A—PONTIAC AD

If you will note, it states that you will save \$1,034 on a brand new Bonneville convertible. This is taken from a supposed list price of \$4,654. Actually, the average price of this vehicle in the New England area would be from \$500 to \$600 automatic discount off this so-called Federal sticker list price, making this claim of a saving of \$1,034 totally misleading. I will not repeat all the other examples involved in this one ad but the principle is the same. Many car dealers quote a Federal sticker list price and state savings that are false as far as the true market price is concerned. As a result, the con-

sumer is actually being baited into this type of huckster dealership and parted from his savings.

EXAMPLE B—FORD AD

The Council has been checking a new rash of ads pertaining to leased cars being sold as new Fords. These cars are being sold with the implication that they are factory fresh cars and again in these ads the Federal sticker price with fictitious savings claims is being used.

EXAMPLE C—DODGE AD

This dealership had advertised consistently in full color page ads that it would pay for out of state buyers, transportation free with accommodations at a motel overnight and used the Federal sticker price and fictitious savings to bait customers to his dealership. This dealership has now changed hands because the prior owner was finally terminated by the factory. My office received justified complaints as to the price and also the

model of the car advertised. This was a volume dealer but who is taking care of his warranties now!

To save time I would like to enter into the record samples of other ads that have used the Federal sticker price to mislead the consumers of the Commonwealth.

Now this type of advertising has been going on ever since the Federal sticker price law took effect. What has happened once again is a law that is designed to protect the consumer is being turned against the consumers of the country, this time by the automobile manufacturers who are playing a numbers game in establishing a fictitious price on a Federal sticker that is not a true going market price. In a word, the consumer is being "stuck" by the sticker.

To demonstrate this point further, I will cite the Federal sticker price and the actual true market value price of three similar 1969 models by three different manufacturers, all with the same equipment:

1969 models, 4-door hardtop	Factory Federal sticker price	Dealer's gross markup	Actual average profit to dealer plus get-ready cost	Actual metropolitan retail price	Federal sticker price inflated by—
Chevrolet Impala.....	\$3,559.95	\$789	\$240	\$3,010	\$549.95
Plymouth Fury III.....	3,562.75	789	225	2,998	564.75
Ford Galaxie 500.....	3,592.27	804	250	3,038	554.00

¹ Chevrolet "get ready cost," \$40.

² Plymouth Fury III "get ready cost," \$25.

³ Ford Galaxie 500 "get ready cost," \$50.

Note: These prices for all 3 similar models include a standard V-8 engine, freight cost, automatic transmission, power steering, pushbutton radio, wheel covers, and undercoating. State and local taxes are not included.

Source: Responsible industry authorities.

These figures are quoted from Metropolitan Boston area, exclusive of local taxes. I am, also, informed that these are the actual retail prices throughout most all metropolitan areas of the United States with a variation of possibly \$50.00. It should be obvious, therefore, that the automobile manufacturers are deliberately inflating their price in order to subvert the Federal sticker law to the detriment of the public interest. Why the automobile industry insists on further compounding its sins of omission and commission that already exist in the area of safety, warranties, poor quality control and design by now adding vicious price deception practices is beyond my comprehension.

I have reviewed the practices cited by the Federal Trade Commission that are the subject of this hearing. In the case of three practices cited, namely price comparison advertising (No. 1), "comparably equipped" advertising (No. 2), and advertising prices for new automobiles that do not include all the charges (No. 4), the advertising campaigns conducted by the major automobile manufacturers with their local tie-in speak for themselves. You have already evidence of this in the record.

In connection with the practice cited concerning the advertising of pricing actions with respect to new automobiles in such a way as to conceal an actual price increase as a result of the reduction in the warranty coverage of new automobiles (practice No. 4 cited), I wish to commend the Commission for drawing this to the public attention. The consumer does not realize the extent of the limitations of the new car warranty. This is a tribute to the Detroit hucksters. Perhaps the new 1970 models will carry some more surprises for the consumer. Maybe Detroit will decide that the spare tire and wheel is superfluous. There is a strong industry rumor making the rounds to this effect. Evidently Detroit has decided to cut the car warranties today and is considering charging extra for the wheels tomorrow. Where else have the automobile manufacturers been cutting corners? How many horses are being stolen from the horse power of new cars?

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The new warranty program of the automobile manufacturers does reflect pessimistic view of the durability of their product as some manufacturers are cutting down the term of their warranty to one year. The way this was done makes the Brinks job look sick. If you figure the value of the prior warranty to be \$50.00 a car, the reduction of the warranty coverage by Detroit adds up to a substantial sum. One estimate has been made that by this action alone Detroit has taken away \$200,000,000 from the car buyers of the United States (based on a loss of \$25.00 a car—8,000,000 production). This actually is a conservative figure in terms of the cost of repairs that normally would have been covered by the prior warranty program in the second year of ownership when most repairs of an automobile are needed and when the defects or flaws of an automobile come to light.

Finally, Mr. Chairman, I have discussed at length the issue raised in practice #5 cited concerning the advertising of the manufacturers suggested retail price which is required by the Federal sticker law to be attached to new automobiles. These retail prices, as I have previously stated, are being posted in order to conceal the true fair value in order to permit manipulation on phony high trade-in allowances for used cars, as well as confusing the buyer as what is the actual price of the new car he is buying.

In my judgment, all of these practices warrant the issuance of Trade Regulation Rules prohibiting them as unfair and deceptive acts and practices. Until the Federal Trade Commission or the Congress acts in this area, particularly with reference to the Federal sticker law, I am (as Executive Secretary of the Consumers' Council) recommending to all consumers of the Commonwealth of Massachusetts to take 15% off the top of the Federal sticker price, exclusive of taxes and transportation costs, on American automobiles (with the exception of luxury and sports cars that may have limited production) in order to have a rule of thumb to determine the true retail market value of a new automobile.

DICKEY-LINCOLN PROJECT

HON. WILLIAM D. HATHAWAY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. HATHAWAY. Mr. Speaker, time is fast approaching for consideration by the House of Representatives of fiscal 1970 public works appropriations, and with it, consideration of a public works project for which the people of New England have been waiting and hoping for many years.

I refer, of course, to the Dickey-Lincoln School hydroelectric project, which, like the Grand Coulee and Hoover Dams and the Tennessee Valley Authority, would provide reliable and low-cost electric power to a large region of the Nation.

The Dickey-Lincoln project was authorized by the 89th Congress 4 years ago this month. Its potential worth to New England and the Nation has attracted the endorsement of two administrations, the bipartisan support of the majority of New England's national legislators, and the nonpartisan support of labor, business, industry, and the general public. Since its authorization, however, its construction has been disparaged and delayed by the lobbying efforts of a self-serving interest group comprising the private power utilities of New England.

The need for reduced electrical rates for the many residents of the Northeast is irrefutable, Mr. Speaker. New Englanders—homeowners, business concerns, and industrial plants alike—currently pay the highest rates in the Nation.

But the high cost of electric power is only part of the concern expressed by the citizens of the Northeast. More to the point of these remarks is their genuine apprehension about the reliability of the electric power service being provided them.

New Englanders recall the power blackout of 1965 and look with no little anxiety toward the real threat of another more serious failure during the winter months ahead. And as they do, they wonder why there has been no decisive action on the lesson of 1965—why there has been no alleviation of the threat of future power failures.

An incisive, well-researched article, which appears in the September issue of the Washington Monthly magazine, poses the question "Where will you be when the lights go out again?" Author John Wicklein, a former reporter for the New York Times and currently a producer of public affairs programs for National Educational Television in Washington, relates many of the reasons why the threat of another blackout is not remote and, in so doing, focuses on some of the questionable tactics of the private utility lobby of the Northeast in preventing assurances against the recurrence of such a catastrophe from reaching the people of New England.

Excerpts of Mr. Wicklein's article follow:

WHERE WILL YOU BE WHEN THE LIGHTS GO OUT?

(By John Wicklein)

Power companies have failed to act decisively on the lesson of 1965, when 30 million people in a 30,000-square-mile area found themselves without power for up to 13 hours.

Why have they failed to act?

The only reasonable answer, when you study the power situation in the United States, is lack of foresight among most private power company executives. These men somehow seem to lack the will—or the enterprise—to face up to the capacity problems of an industry whose demand is doubling every ten years.

To some people, the Big Blackout was a lark. "Where Were You When The Lights Went Out?" and all that. It was fun being caught between floors in the elevator.

But what if the building had caught fire at the same time? What if it had not been a bright, clear night, and you had been in a plane over a fogged-in airport that had no ground control to guide it down? What if you had been on an operating table in a New York hospital when the lights went out?

Miraculously, no deaths occurred. But miracles don't necessarily happen twice.

In New England, where the private companies have so far been able to fight off all attempts to establish federal yardstick projects, the customers are charged the highest rates in the country. A homeowner supplied by the Boston Edison Company, for example, pays more than twice the rate paid by a homeowner in Seattle, in the Bonneville marketing area. In part, this reflects high fuel costs in New England, but fuel by no means accounts for all the difference.

Over bitter opposition from the private industry, Congress four years ago narrowly approved a bill to authorize a major federal hydroelectric project in Maine. First call on this project's 800,000 kilowatts would go to public systems in the area, and the rest would be sold wholesale to the private companies. Desperate as they are for new capacity, the New England companies just do not like the idea of a federal project on their turf.

New England traditionally has been an area of rugged individualist companies that did not want to cooperate even with each other. So the region lags behind the rest of the country in the coordinated operation the companies' own engineers agree is necessary.

The big Blackout of 1965 gave the New England companies a jolt. Suddenly the papers were filled with "Investor-Owned Utilities" ads announcing plans for all kinds of coordination and cooperation and capacity-building. One ad, printed in the Wall Street Journal and elsewhere, proclaimed the formation of a "Big 11 Power Loop." This was to tie 11 large plants of several companies into one big grid. The grid was to include new nuclear plants—a form of generation that had not received much attention in New England up to that time.

But Big 11 proved to be a paper loop. In a hearing before the Atomic Energy Commission on plans to build the Vermont Yankee Nuclear Power Plant, Albert H. Cree, chairman of the Central Vermont Public Services Corporation, was asked if the companies involved had made a study of a one-system basis of operation in their area. Cree replied that the Big 11 Loop was a study of a sort. Whereupon this exchange between Cree and George Spiegel, attorney for a group of publicly-owned systems in Massachusetts:

SPIEGEL. Is that full-page ad of the Big 11 Power Loop the only document that exists as to the study of the one-system basis in New England?

CREE. So far as I know it is.

SPIEGEL. Do you think that there is sufficient detail in that one-page ad to guide you in this project?

CREE. Yes, I do, because the forecast of loads upon which all of our individual planning is based was part of the Big 11 ad.

Even if it had come into being as announced, the "Big 11 Loop" would not have met the criterion for reliable one-system operation—that all systems in the area must be interconnected. The power companies planned to exclude the public agencies from participating in the nuclear plants and the grid that would tie them together. Legal actions by the municipal systems have changed that, but the grid is still unbuilt. The "Big 11 Loop" continues to be promoted in television ads while the prospects for a major blackout seem about the same as they were in 1965.

Rather than reliability, the main interest of the New England companies in regional cooperation seems to be to keep federal power out of the area, prevent the states from forming public power authorities, and kill off the local publicly-owned systems. It's interesting to document this through evidence entered at a current SEC hearing on an application of three of the companies to merge into the Eastern Electric Energy System.

One Justice Department exhibit concerns the formation of an association of New England utility presidents. The association's purpose, according to a press release was "to coordinate individual construction plans of New England's investor-owned companies, to the end that these companies will remain prepared to meet, in full and on time, all of the area's rapidly expanding electrical requirements, and to do so at the lowest rates consistent with the maintenance of proper service standards."

To this publicly announced purpose were added, on an "overall strategy" paper circulated privately among the participating companies, these "basic objectives":

"To develop a regional climate of public opinion which will prevent any expansion of government-owned or tax-subsidized electricity within New England, and which will, instead permit the gradual elimination of government power operations presently existing in the area.

"To take a position of national industry leadership in securing the final defeat in the U.S. Congress of Passamaquoddy, St. John, and every other Federal power proposal for New England which requires Congressional authorization."

The first crisis to confront the presidents' association came as an aftermath of the Northeast Blackout. More than ever, the Dickey-Lincoln School project seemed necessary to the region. Some Maine legislators, concerned for future supply, proposed setting up a Maine Power Authority to distribute Dickey-Lincoln power and to build an atomic power plant. Quickly the New England companies reacted with a plan of their own. They would build a nuclear plant—Maine Yankee—which would bring power to the state cheaper than Dickey-Lincoln School.

At the SEC hearing, the Massachusetts municipal systems introduced a memo on Maine Yankee subpoenaed from the files of the Boston Edison Company. In it Frank M. Staszkesky, executive vice president of Boston Edison, said that officials of two companies participating in the project had urged Boston Edison to come in as a gesture of "self-serving patriotism for the investor-owned utility industry."

Enlightened self-serving?

"They both feel," Staszkesky wrote, "that the public power thrust is in Maine and must be met in Maine, and in particular they consider Dickey-Lincoln School the main threat."

In another memo, Staszkesky said the major objective of the Maine Yankee project was to "discourage the formation of a Maine Power Authority, which could be a precedent for formation of similar public power authorities in New England." He reported to his president that the commitments of the two companies to come into the project had been made over the telephone. The urgency, he said, was to announce Maine Yankee before a special session of the Maine Legislature that was to consider creating the authority. One New England company executive, he wrote, "specifically thought we should join Maine Yankee to avoid arousing suspicions that the New England companies are not thinking and planning together—even if in private there are some differences of opinion between companies."

In cross-examination, the municipal systems' attorney commented: "It seems to me the testimony we have been listening to here . . . illustrates that they didn't even have time to figure out what the power was going to cost from Maine Yankee or how they were going to transmit it, but the main thing was to get it tied down on some kind of oral commitment, get it announced to the press in order to head off a proposal for a public power plan."

In the case of the Maine Power Authority, the companies' strategy worked: the Legislature killed it. The Dickey-Lincoln School Project is still alive, but only just. No funds for construction have been appropriated. Power lobbyists in New England and in Washington are working hard to get Congress to strike the \$807,000 budgeted for planning and development from this year's appropriations.

Mr. Speaker, it is essential to the citizens of New England and their economy that funds for the Dickey-Lincoln project be included in the public works appropriations bill for this fiscal year and subsequently approved by this House.

New Englanders have already waited too long to be freed from the stranglehold of the private power monopoly. They have lived too long under the ominous threat of another serious power failure.

ESTABLISHMENT OF A PRESIDENTIAL TASK FORCE ON WOMEN'S RIGHTS AND RESPONSIBILITY

HON. CHARLOTTE T. REID

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mrs. REID of Illinois. Mr. Speaker, I want to take this opportunity to commend President Nixon on his announcement yesterday regarding the establishment of a task force on women's rights and responsibilities, with Miss Virginia R. Allan, former president of the National Federation of Business and Professional Women's Clubs as the chairman.

Earlier this year my colleagues, the gentlewoman from New Jersey (Mrs. DWYER), the gentlewoman from Washington (Mrs. MAY), the gentlewoman from Massachusetts (Mrs. HECKLER), and I met with the President to discuss opportunities for women generally and particularly in Government and public service. In my judgment, President Nixon

has shown by his move to establish this task force that he is sincere in his desire to improve opportunities for women.

I was particularly pleased that two women from Illinois were appointed by the President to serve on the 13-member task force. They were Mrs. Laddie F. Hutar, president, Public Affairs Service Associates, Inc. of Chicago, and Sister Ann Ida Gannon, president, Mundelein College, Chicago.

The task force will review the present status of women in our society and recommend what might be done in the future to further advance their opportunities. I feel sure that the Congress will give its cooperation to this endeavor, and we will look forward to receiving the report and recommendations of the task force.

GHANA

HON. CHARLES C. DIGGS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. DIGGS. Mr. Speaker, yesterday governmental authority in one of the most promising countries in Africa was transferred from the military back to a civilian regime, an almost unprecedented phenomenon.

It may be recalled that on February 24, 1966, the National Liberation Council, made up of army and police officers, overthrew the government of former President Nkrumah and assumed the reins of government of the Republic of Ghana.

This action became necessary because of the deteriorating economic and political conditions in Ghana at that time.

On the assumption of power, the National Liberation Council declared that they had no political ambitions and were anxious to hand over power to a duly constituted representative civil government as soon as possible. To this end the National Liberation Council appointed a constitutional commission to draft a new constitution for Ghana.

The National Liberation Council further promised that they would relinquish their powers to any government formed in accordance with the new constitution and as a result of genuinely free and fair elections conducted under the constitution.

It is gratifying to note that after a constituent assembly had reexamined the proposals of the constitutional commission for a constitution for Ghana, the constituent assembly was empowered to enact and promulgate a new constitution for the Second Republic of Ghana on August 22, 1969.

General elections were held throughout Ghana on August 29, 1969, to elect members of the national assembly and a new civilian government. The Progress Party, led by Dr. Kofi Abrefa Busia, won the elections by a landslide after 4 months of vigorous campaigning and a peaceful, smooth, and uneventful election.

Dr. K. A. Busia has been sworn in as the Prime Minister of Ghana, and he has announced his 17-member cabinet, who are expected to take over from the National Liberation Council by September 30 this year.

The National Liberation Council has been able to salvage the economy of Ghana and laid sound foundations for the further improvement and expansion of Ghana's economy.

Politically, Ghana's new constitution insures the fundamental freedoms, amongst these life, liberty, and security of the individual; freedom of conscience, of expression, and of assembly, and freedom of association.

The new Prime Minister of Ghana, Dr. K. A. Busia, has in the nationwide broadcast in Ghana appealed to all his fellow Ghanaians to start the Second Republic in the spirit of forgiveness and tolerance and that "this time, we shall succeed in building a truly democratic country in which we shall be proud and happy to live."

Mr. Speaker, the Second Republic of Ghana has thus been born. The young and virile people of this country are determined to succeed and they deserve our goodwill and understanding.

FARMERS MUST CONTROL PRICING OF THEIR PRODUCTS

HON. JOHN M. ZWACH

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. ZWACH. Mr. Speaker, in the House Committee on Agriculture, we are discussing a new farm program. Secretary of Agriculture Clifford Hardin and others have so far testified. Many more people will be heard from before we pass a farm bill out to the floor.

In the meantime, I read a very interesting article submitted to the Swift County Monitor News at Benson, Minn., by Mrs. Wesley Benham and printed in the September 11 issue of that newspaper.

Mr. Speaker, I hope all of my colleagues will read this article, which I am inserting herewith in the CONGRESSIONAL RECORD. This article tells very plainly some of the problems our producers are up against.

I particularly commend to my colleagues, this paragraph from Mrs. Benham's article:

The time has come for the American farmer to exert some control over his destiny. He must control the pricing of farm products instead of abdicating this power to special interest groups.

The entire article follows:

FARMERS MUST CONTROL PRICING OF THEIR PRODUCTS

(By Mrs. Wesley Benham)

Would you be surprised to read headlines like these in your newspaper?

"Mills increase steel price \$8 a ton"

"Manufacturers up new car prices an average of \$56"

"Producers announce 17% increase in price of copper"

Hardly. It's not surprising that the people who produce the goods should have the power to price these goods.

But how about headlines like these?

"Ranchers boost beef 3¢ a pound"

"Dairymen increase milk price 2¢"

"Farmers announce 6% increase in price of wheat"

Surprising? Quite! Because everybody knows that unlike other producers, farmers can't put a price on the goods they produce. Steel mills can. Manufacturers can. Smelters can. But farmers can't.

Farmers take what they are given for their products. If other producers used the same marketing technique farmers do, then new shoes, washing machines and cars would all sell for whatever buyers were willing to pay for them. And if Chevy . . . or any other truck manufacturer . . . complained that \$1900 pick-ups were selling for only \$1750, buyers could retort with, "Sorry, but new pick-ups are bringing only \$1750 today. That's all we're paying. Take it or leave it."

A farmer might survive with this kind of marketing system if all other producers would agree to play the same game. Then farmers could price the things they need . . . they could pay whatever they wished for fertilizer, farm equipment, for kids clothes and kitchen appliances. So far, no one's been able to persuade other producers to play this "What will you give me" system of marketing. Small wonder. No businessman could afford to leave the pricing of his own products to the decision of others.

So if other producers won't relinquish their God-given right to price their own products, the alternative is for farmers to exercise the same God-given right themselves. That right is theirs. It's theirs constitutionally. And it's been certified in Congress by the Capper-Volstead Act.

The time has come for the American farmer to exert some control over his destiny. He must control the pricing of farm products instead of abdicating this power to special interest groups.

Because solving the farm problem lies in the power of pricing. Conscientious, responsible pricing based upon the principles of sound, ethical business management.

What's the score? Farmers are losing 542 to 68. New York financial columnist Sylvia Porter has come up with figures that show how much the American farmer has been subsidizing other working people the past 50 years. Since 1919, average hourly wages have gone up 542 per cent. But the cost of food has risen only 68 per cent. If you are a farmer, you know that the people who raise the food didn't collect the 68 per cent increase, either. It went to processors, packagers, food chains and others. Farm income today is actually lower than it was at mid-century. It's still not too late to get into the game. You can control the power through NFO.

EDITORIAL HONORS BENGALS' COACH; THE DOUBTERS NO LONGER DOUBT

HON. ROBERT TAFT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. TAFT. Mr. Speaker, the Cincinnati Bengals, the newest member of the American Football League, are undefeated in three games this year.

As my colleagues know, the Bengals' success is due in large measure to the remarkable skills of their leader, the No. 1 Bengal of them all, Paul Brown.

I am proud to include the following WKRC-TV editorial in the RECORD so that all may read of the Bengals' achievements under Coach Brown:

PAUL BROWN

SEPTEMBER 19, 1969.

Depending on the school or league, amateur or professional, a football season encompasses anywhere from ten or fewer games to as many as fourteen. Obviously, in order to rack up 300 wins, a coach has to put in a lot of anxious Friday nights, or Saturday or Sunday afternoons. But that's exactly what Paul Brown accomplished this past Sunday when his Bengals beat the Miami Dolphins in the opening game of another long season.

Paul Brown brought home 300 winners over a 35-year coaching career that began in 1930 at a Prep School in Maryland. However, it's his record at Massillon High School, Ohio State and, finally, with the Cleveland Browns that has become an established part of the folklore of the Buckeye State.

The Bengals' press, radio, and TV Guide lists so many innovations of this remarkable man that it's difficult to know which to include here. Perhaps the most important was noted in the citation accompanying his induction into pro football's Hall of Fame, which read: "He was the first to make coaching a year-round occupation, not only for himself, but for a fulltime resident coaching staff—a practice that has since become universal."

Paul Brown is, as the Bengals' publicity men claim, the man responsible for making pro football what it is today, and is the leader in shaping its future. Cincinnati is fortunate to count him among its citizens.

VOLUNTARY PRAYER IN OUR PUBLIC SCHOOLS

HON. RICHARD L. ROUDEBUSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. ROUDEBUSH. Mr. Speaker, excellent response has been received from throughout the Nation on our plans to insert children's prayers into the CONGRESSIONAL RECORD for use by our Nation's public schools where the Supreme Court has outlawed prayer and Bible reading.

I have received letters and phone calls from across the Nation encouraging my efforts to offer a legal solution to the evil effects of the Supreme Court ban.

Strong sentiment has also been expressed for passage of a constitutional amendment to permit voluntary prayer in our public schools and provide a permanent solution to the antireligious efforts of the Supreme Court.

Mr. Palmer Stracco, president of the board of education in Netcong, N.J., has also contacted my office.

Netcong is the community where the school board first devised the ingenious idea of reading Chaplain prayers from the CONGRESSIONAL RECORD each day as a substitute for regular prayer services outlawed by the Supreme Court.

Mr. Stracco extended his thanks for my plans to insert more suitable children's prayers in the CONGRESSIONAL RECORD, and indicated that other school jurisdictions now may follow suit and read prayers from the CONGRESSIONAL

RECORD to circumvent the antiprayer decision of the Supreme Court.

I wish to publicly applaud Mr. Stracco and the Netcong School Board for their courage and inventiveness in opposing the Supreme Court, and devising a means whereby voluntary prayer can be restored to those schools which desire to start the school day with a devotion.

I hope this plan catches on like wildfire and that schools across the Nation will turn to the pages of the CONGRESSIONAL RECORD for a source of children's prayers inserted to provide a legal remedy to the tragic Supreme Court decision.

The Supreme Court is but nine men, most of them possessing a twisted, liberal philosophy that says "Yes" to pornography and obscenity for our children but "No" to prayer and Bible reading.

The enduring foundation of our country is based on religious conviction, morality, patriotism, and freedom.

The effects of many recent Supreme Court decisions have undermined these foundations. Some of the authors of these evil decisions have now left the Court, but the results of their infamous work are still with us. We must continue to labor to offset these consequences.

This week's children's prayers for use in public schools follow:

My voice shalt Thou hear
In the morning, O Lord;
In the morning will I direct
My prayer unto Thee
And will look up. (Fifth Psalm)

Father, keep me all day long
From all hurtful things and wrong;
Make me Thine obedient child,
Make me loving, gentle, mild.

Dear God, hear me, a little child,
Who speaks to You in prayer;
Teach me today that Your great love
Is living everywhere.

Lord, for tomorrow and its needs,
I do not pray;
Keep me, God, from stain of sin,
Just for today.

Let me no wrong or idle word
Unthinking say;
Set Thou a seal upon my lips,
Just for today.

In the early morning,
With the sun's first rays,
All God's little children
Thank and pray and praise.

I, too, thanks would offer,
Jesus, Shepherd dear,
For Thy tender pasture
And Thy guiding care.

THE WALKING HORSE PROTECTION BILL

HON. RICHARD FULTON

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. FULTON of Tennessee. Mr. Speaker, over the past 20 years, a proud breed of pleasure and show horses, the Tennessee walking horse, has fallen victim to a vicious and inhumane practice.

A minority of unfeeling exhibitors, owners and trainers have, over the years, resorted to the practice of soring the

hoofs of these beautiful animals as a shortcut to the patience and skill needed for the training of the Tennessee walking horse. For far too long, diverse and inadequate State laws have "looked the other way" at this inexcusable practice.

The walking horse protection bill, introduced in the Senate by Senator JOSEPH TYDINGS of Maryland, and my colleague from Tennessee, Representative DAN KUYKENDALL, would prohibit the interstate shipment and exhibition of sored walking horses, make it unlawful to exhibit a sored horse in a horse show in which any horse had been moved in interstate commerce, and prohibit holding a horse show in which a sored horse is exhibited, if any horse was moved in interstate commerce. The legislation would impose a fine of up to \$500 and imprisonment up to 6 months, or both. The Agriculture Department would administer the law, and those who conduct a horse show, as well as those who participate in it, are responsible with enforcement of the law, under the bill's terms.

These are strong provisions—they are justified.

Leaders and officials of the American Horse Show Association, and leaders of the National Tennessee Walking Horse Celebration at Shelbyville, Tenn., have all voiced agreement that the practice of soring these animals is an abominable practice. Some of them differ, however, on how this practice can be effectively brought to an end.

One of the great problems in this area is the differing State laws, and a situation which permits everyone to blame someone else for these acts of blatant cruelty. Trainers and exhibitors maintain the public demands such practices to produce the conformation and gait expected in competition.

I cannot agree that the public is so unfeeling and callous.

The executive secretary of the National Walking Horse Trainers Association, Mr. Jack Short, has stated that their association, only a year and a half old, should be given sufficient time to clean up the industry without Federal regulation.

Although I can sympathize with Mr. Short's views, I cannot see how this legislation could adversely affect the association's efforts to do exactly what is proposed by such Federal legislation—the immediate halt to the practice of soring walking horses. If anything, such legislation should make their efforts more effective, enforceable, and immediate.

The use of oil of mustard or iodide of mercury, placed on the horse above the hooves and below the ankles, or the use of chains or heavy boots to add weight, forcing the horse to take an exaggerated gait or step, is a despicable practice. Federal legislation, making regulations against this practice uniform throughout the Nation, is needed and should be given immediate approval.

The Tennessee walking horse is a handsome and distinct breed. It has created a multimillion dollar industry, and these animals have brought pleasure to thousands.

The industry must remove from its ranks those unfeeling and unscrupulous individuals who would, through such heartless practices, destroy not only this industry, but this proud breed of horses. The walking horse protection bill would accomplish this.

HORTON URGES HELP FOR HANDICAPPED WORKERS

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. HORTON. Mr. Speaker, there is no one for whom I have more admiration than a disabled person who pursues a normal life and becomes an active member of the community.

A disabled person performs tasks that we take for granted; but these things that we so easily disregard demand an inordinate amount of determination, stamina, and above all, courage.

Can you imagine getting up in the morning, realizing the struggle ahead of you, and yet continually enduring and even relishing the challenge.

Not the least of the obstacles handicapped people face is money. For many it is more expensive to work, than not to; it is more expensive to contribute to society than to stay at home.

Mr. Speaker, there is in my district a man who, to me, is an example of a person working to his fullest capacity. Charles G. Bills of Walworth, N.Y., is paralyzed from the shoulders down. And yet, he is a full-time teacher at Wayne Central School in Ontario, N.Y.

Mr. Bills' expenses so he can get to work each day include \$800 every 3 years for an electric wheelchair, \$3,000 for a van to transport him in the wheelchair, and \$800 for a power hoist to raise and lower the wheelchair from the van.

Mr. Bills' valiant example has prompted me to submit legislation today to help the handicapped pay for transportation to and from work. It will provide a \$600 additional tax exemption for a disabled taxpayer who needs special equipment to travel to work.

I would like to share with my colleagues, portions of a letter from Mr. Bills. I have always believed that employed handicapped people should have every advantage we can afford them, but this letter has reinforced my opinion:

HON. FRANK HORTON,
House of Representatives,
Washington, D.C.

DEAR MR. HORTON: I am paralyzed from the shoulders down as the result of an accident. I am one of the very few seriously paralyzed persons in America to be fully employed. I am a fulltime teacher at Wayne Central School, Ontario Center, N.Y.

Extra costs of employment to me are as follows: an electric wheelchair to enable movement with ease in the classroom. Cost? \$800. I will have to have a new one every 2 to 3 years. The van to transport the wheelchair and myself to and from school costs \$3000. The van requires a power hoist to raise and lower the wheelchair. Cost? \$800. So far I have been fortunate enough to have a good friend, a teacher in the same building, to drive me—no charge. You see I am

not able to drive a vehicle because I don't have complete use of my hands and arms.

In a year I will change buildings and then may have to pay a driver. Needless to say, employment is very expensive for me. For a long time tax laws have recognized extra expenses to the blind by providing an added exemption for them. I think we should extend this to cover seriously disabled persons of all kinds. I would guess that my out-of-pocket expenses of employment are greater by far than those of a blind person. You see they can ride in a regular car pool. I cannot. My wheelchair doesn't fit. Many thanks.

Very sincerely yours,

CHARLES G. BILLS.

Mr. Speaker, I would hope my colleagues would pay particular attention to this admirable man. Employed handicapped people perform a valuable service by challenging themselves to their full capacity and demonstrating the ability of a disabled person to be an active member of the community. I urge Congress to give its full support to my legislation to help the disabled.

ESTABLISHMENT OF AN INDEPENDENT COMMISSION

HON. HOWARD W. POLLOCK

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1969

Mr. POLLOCK. Mr. Speaker, I introduce today a joint resolution to provide for the establishment of an independent commission to study the foreign policy effects and other implications of our underground nuclear testing program. This commission, composed of experts in such diversified fields as oceanography, medicine, and international relations, would evaluate our testing program in order to determine what effect, if any, the underground detonation of nuclear devices is likely to have on our environment and ecology and on our existing treaty obligations. Under the provisions of my resolution, the commission would be required to transmit a report to the President and to the Congress when its work is completed. Appropriate legislative and Executive action could then be taken on the basis of the commission's findings.

Mr. Speaker, I am convinced that the Atomic Energy Commission has taken every possible precaution with respect to the imminent underground test on Amchitka Island to insure the ecological balance of the region and to assure the safety of the inhabitants of the lands comprising the Pacific rim. However, because other tests of larger magnitude are planned for the future, I feel that further study and evaluation should take place.

To preserve our national security, we must continue our underground testing program for the foreseeable future. However, the people of our great Nation and the people of every nation on the Pacific rim have the right to expect virtually absolute safety even though underground testing must go on. A commission of the type I have proposed would provide us with an independent, unbiased assessment of the ecological and political consequences of our testing program. People everywhere could give real cre-

dence to this report, for the commission, unlike the AEC, would be totally disinterested.

Since the turn of the century, earthquakes and other natural phenomena have caused great damage and loss of life in every nation bordering on the Pacific Ocean. We must insure that a man-made phenomenon with these destructive characteristics is not created by our underground testing program. My distinguished colleagues, I urge your careful consideration of the resolution which I have just introduced.

REPORT TO CONSTITUENTS

HON. EDWIN D. ESHLEMAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. ESHLEMAN. Mr. Speaker, I am now sending to my constituents another of my regular series of newsletters. I am including the contents of that report in the RECORD at this point:

THE THREAT OF POLITICAL RADICALS

(By Ed Eshleman)

When you turn on your television to watch the news, you are likely to see one or the other or both of the following characters: A young man with a beard who threatens to overthrow authority in the name of justice. A man with a gun who threatens to take the law in his own hands to protect his rights. Either of these characters or others like them are a threat to our nation. They may come from the far right or the far left. They are political radicals who are attempting and sometimes succeeding in undermining our basic democratic institutions.

Radicalism is not new to America. We have always had a certain number of citizens with way out opinions. But, never before have we taken such views so seriously. In the past, we dismissed those persons on the political fringes as irresponsible voices of unreasoned dissent. Today, perhaps because so many frustrations confront us as a people, the screamers are listened to and sometimes believed.

When things seem wrong, it is easy to find agreement with someone who promises a change. The promiser is often followed without being asked to spell out his policies. So Hitler found as he rose to power in Germany. So campus revolutionaries discovered last spring as they convinced thousands of moderate students to support them. But, herein lies the mistake for men who wish to remain free.

Freedom is a fragile thing which can be lost easily in the excesses of the moment. Revolutionists exploit the temper of the moment to achieve their own goals. Those goals are always anti-democratic, tending toward one of two extremes—tyranny or anarchy. The good intentioned citizen, who sees only the few worthwhile things in what a radical has to say, can get swept up in a tide moving toward loss of liberty and even a demise of civilization.

On the national front, many young people find certain attractive features in the recent ravings of the far left. For example, the peace theme has won the far left a goodly number of supporters. But a little close examination of leftist groups like the SDS has shown their peace leanings to be selective in nature. In some of their underground publications, the Students for a Democratic Society have indicated that they want American youth to fight, but on the side of the Communists in wars of liberation throughout

the world. The far left peace theme can be simply a cover to win adherents to an anti-American philosophy.

There is danger on the far right as well. Many people can get excited about a law and order theme. Like in the case of peace, it is difficult to find fault with a goal of attaining law and order. But a close look at the far rightists, who have taken to exploiting law and order for their own ends, reveals some disturbing signs. The extremists on the right are often willing to go the route of vigilante committees and other strong arm tactics to preserve order, but are unwilling to give consideration to the need for maintaining real justice. Freedom demands law and order tempered with justice, or totalitarianism is soon the product.

On the international front, the political radicals have shown themselves to be more than just anti-freedom. They are, in fact, anti-civilization. Their most savage assaults against the established order have been directed against precisely those institutions furthest removed from the law of the jungle—against the office of ambassador (even primitive societies, in their first steps away from constant tribal conflict, give sanctity to the herald); against peaceful transportation, where international cooperation has progressed steadily; against universities, and against churches.

If Americans are to protect their rights against the irresponsibility of political radicalism, they must resolve to take a difficult path to solving problems and relieving tensions. That path goes down the "middle of the road" and offers no easy answers. But, it is the path which traditionally has provided the political balance necessary for social stability. It is a commitment toward keeping the radicals where they belong—out on the fringes and generally ignored.

SHORTS

Cutting defense spending

The defense budget can be cut, and I expect this to be done. Dollars, no less than men in combat, ought to stand up and fight, right down to the last penny. Waste is a dangerous enemy in the military. But any meat-ax chopping such as some legislators seem to have in mind, could jeopardize our whole national security. The job is not to downgrade or smear the military, but to keep it under control. We must expect the military to be prudent in every way, including its management of the taxpayer's dollar. But Congress should be equally prudent. And prudence does not mean either reckless spending or reckless slashing.

We've moved

My staff and I are now working in a new office on Capitol Hill. When you get to Washington, be sure to stop and see us in the three rooms we like to think of as a Pennsylvania Dutch Country annex. And, when you're writing me, the new address is: 416 Cannon House Office Building, Washington, D.C. 20515.

Kids quiz astronauts

Congressmen and their families were recently given an opportunity to meet and question the American "moonmen". During the question-answer session, the children more or less took the floor away from their parents. Typical questions from the small fry: "Did you think about getting stuck in the moon dust?" "Do you know when someone is going to the moon again and are they taking any girls along?" Hiding a smile, Astronaut Neil Armstrong, main spokesman for the Apollo 11 trio, answered seriously that actually they were not too concerned about sinking in the dust since they had learned what to expect before beginning their trip and that the next moon flight is scheduled for November 14, but if any women were going along the crew isn't saying anything. Another youngster asked why the

flag looked like it was blowing when there isn't any wind on the moon. "We fooled you on that one," she was answered and then the explanation of how the flag was rigged was given her.

Washington staff

I have always regarded my staff more as public servants for the 16th Congressional District than as personal assistants. I thought perhaps you would like to see the four people who work for you in my Washington office. Pictured on the left, from left to right, are: Bob Walker, Research Assistant, from Millersville, 3 years on Capitol Hill; Vi Heinzl, Executive Stenographer, 20 years on Capitol Hill with 6 Congressmen; June Burke, Administrative Assistant, 27 years on Capitol Hill with 7 Congressmen; Pat Felty, Secretary, from Lebanon, 1 year on Capitol Hill.

Finest sense of politician

In his eulogy to the late Senator Everett M. Dirksen, President Nixon had some notable words about the profession to which Senator Dirksen devoted his life. I thought those words were worth repeating. "Everett Dirksen was a politician in the finest sense of that much-abused word. If he were here, I think he might put it this way: A politician knows that more important than the bill that is proposed is the law that is passed. A politician knows that his friends are not always his allies and that his adversaries are not his enemies. A politician knows how to make the process of democracy work, and loves the intricate workings of the democratic system. A politician knows not only how to count votes but how to make his vote count. A politician knows that his words are his weapons but that his word is his bond. A politician knows that only if he leaves room for discussion and room for concession can he gain room for maneuver. A politician knows that the best way to be a winner is to make the other side feel it does not have to be a loser. A politician in the Dirksen tradition knows both the name of the game and the rules of the game, and he seeks his ends through the time-honored democratic means."

Apollo film

The National Aeronautics and Space Administration recently made a film about the flight of Apollo 11 especially for the Congress. I have obtained a copy of that film and will make it available to schools (for assembly programs) and organizations in the 16th District. Not only can you schedule the film, but in addition, I will send along my Field Representative, Ron Reedy, to show the historic moon landing as photographed by the astronauts. If you are interested, call my District office in Lancaster, 717/393-0666.

Combatting inflation

Stern steps are being taken these days to combat inflation. The federal budget is being balanced at all costs because there is no doubt but what deficit spending is a cause of inflation. A 75 percent cutback in federal construction has been ordered. For many with federal projects this is a hard pill to swallow. If, however, this and all the other steps to reduce the cost-of-living end the inflationary spiral that is now stealing six cents from every dollar we earn or possess, then in the long run we should be thankful for any present day sacrifices.

Marijuana problem

The national debate about the narcotic marijuana has most often centered on two questions: (1) Is marijuana really an addictive drug? (2) Does society really have a right to prevent a person from using marijuana even if it might be harmful to him? Now a judge in the State of Washington has added a new dimension to the argument, and I think an important dimension. The judge stated: "Marijuana is a dangerous drug. It is much more dangerous to the non-user

than to those who resort to it. It is the hard-working, responsible citizen who suffers by the cult that it creates. For it is he, the responsible citizen, who is called upon not only to support himself and his family, but also to carry the burden of the drug-oriented, anti-social user. If he fails to provide for both, the culture in which he lives will surely deteriorate and be less than desired, and possibly may even fail to meet the needs for a good existence. The impact of the lark attitude that some have toward the drug may not really be felt until the next generation—when it comes to light that the smoker of it is neither physically nor mentally fit to shoulder the burdens that society imposes upon him."

Name game

What's in a name? Plenty—especially if your name is Smith. According to some figures released by the Veterans Administration, Smith is the most popular name (310,000) in the VA's master file. The Johnsons (202,700) not only are keeping up with the Joneses but are far out in front. In fact, even the Williamses (150,020) are ahead of the fourth place Joneses (145,180). In fifth place are the Browns (144,000). The VA file shows 10 Abraham Lincolns, 1640 Robert E. Lees, 44 Ulysses S. Grants and 496 George Washingtons.

Spiritual crisis

The principal issues of the moment may not be as political and economic as we might like to think. There is a growing conviction in Washington that we are faced today with what is essentially a crisis of the spirit. Modern man has turned too often and too easily to government for answers to all his problems. He needs to recognize that there are answers he must seek elsewhere. Daniel P. Moynihan, an Assistant to the President, put it this way: "What is it government cannot provide? It cannot provide values to persons who have none, or who have lost those they had. It cannot provide a meaning to life. It cannot provide inner peace. It can provide outlets for moral energies, but it cannot create those energies. In particular, government cannot cope with the crisis in values which is sweeping the Western World."

Miniature message

Bumper stickers have become a popular form of self-expression. The latest one I've seen reads: "You're a Good Man Uncle Sam." Even when we disagree with some things our government does, I think we would still endorse that sentiment. Let's all think a little more positively!

PRICE-WAGE GUIDEPOSTS NEEDED NOW

HON. THOMAS L. ASHLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. ASHLEY. Mr. Speaker, today I am joining my colleague from Wisconsin, Mr. Reuss, and 12 other House Members in sponsoring legislation directing the Council of Economic Advisers, after full consultation with representatives of business and organized labor, to prepare annual price-wage guideposts to effectuate the stable, noninflationary growth in our national economy.

The bill provides for establishment of a three-man Price-Wage Stabilization Board in the executive branch to hold hearings on price-wage behavior and to report promptly to the President and Congress when national economic stability is threatened.

Mr. Speaker, the need for enactment of this legislation is urgent. Inflation continues out of control. The Consumer Price Index has increased at a rate of 7 percent from the start of 1969 while the wholesale index has increased at a rate of 6 percent. Recent price increases in automobiles, steels, copper, gasoline, nickel, zinc, and aluminum are certain to fuel further escalation of the inflationary spiral.

The traditional weapons against demand inflation—a restrictive monetary and fiscal policy—have not proven adequate to curb inflationary pressures, in part because major companies and unions in highly concentrated industries have substantial discretion in their price and wage decisions. If inflation is to be brought under control, monetary and fiscal policies must be supplemented by a system of price-wage guideposts designed to contain further increases.

In my view, Mr. Speaker, the previous administration made a serious mistake when it abandoned economic guideposts in 1967. Previous to that action, they had proved an effective instrument—not perfect but certainly helpful—in curbing unjustified price increases and holding labor increases to gains in productivity.

One of the weaknesses of the guidepost policy of the previous administration was that there was no administrative agency assigned the task of holding hearings and focusing public attention on specific wage or price increases inconsistent with national economic stability. That weakness would be righted in the legislation introduced today.

Another shortcoming of the previous guideposts was that they were announced unilaterally by the Council of Economic Advisers instead of being arrived at after institutional consultations with labor and management. This shortcoming too would be corrected by the bill that is being introduced.

Mr. Speaker, I am reluctantly drawn to the conclusion that total reliance upon monetary and fiscal policy to halt inflation will result in the substantial downturn in economic activity, with resultant unemployment and further postponement of essential domestic requirements.

Let me make it clear that I find no fault with the decision of this administration to continue the surtax and to limit postponable public spending. I have supported these measures. However, we must face the fact that actions taken to date have not been effective and that erosion of the dollar must be halted before we can again enjoy a healthy economy. Mr. Speaker, I am reluctant to advocate the imposition of price and wage controls found necessary during other periods when our Nation has been involved in armed conflicts. This course may be necessary, however, if we do nothing to supplement the anti-inflationary measures now being relied upon. I am firmly convinced that a comprehensive mechanism for establishing price-wage guidelines is an action that Congress can and should undertake immediately in an effort to avoid the more bitter medicine of actual wage and price controls that otherwise may become necessary.

RETURNED VOLUNTEERS CALL FOR ABOLISHING PEACE CORPS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. BROWN of California. Mr. Speaker, the new Peace Corps Director, Joseph Blatchford, caused great interest here in Congress when he recently noted that he is going to bring about significant new directions and composition of the volunteer organization.

Mr. Blatchford is not the only person advocating such major changes.

Many former Peace Corps volunteers are members of a national organization called the Committee of Returned Volunteers, and when this group conducted its general assembly last month they took a strong position on the future for the Peace Corps.

CRV suggests that the Peace Corps, as it is now, should be abolished. Their reasons are included in the position paper which I am inserting into the RECORD.

While I do not advocate abolition and subversion of the Peace Corps, I do think that many of the points raised by the returned volunteers deserve serious consideration.

Undoubtedly, the Committee of Returned Volunteers does not represent the views of all ex-PCV's. Yet, I deem it significant that many of these extremely dedicated and idealistic Americans see distortions and tarnish in the image of the Peace Corps of which they were a part, and that they feel that Peace Corps should be so radically changed.

I have always supported the Peace Corps, and I believe that "volunteerism" ranks as one of the highest attributes of America's national character. It is the one facet of our foreign aid program which give my greatest backing. Certainly, I do not want to see Peace Corps entangled in massive bureaucratic structuring and policy constraints such as those which seem to limit the effectiveness of the other parts of our aid program.

After 8 years, the Peace Corps has become sort of an establishment. Perhaps it is appropriate that substantive changes be made in its objectives and operations. If so, then we should listen to what former volunteers have to say.

Mr. Speaker, I now put the Committee of Returned Volunteers position paper in the RECORD:

COMMITTEE OF RETURNED VOLUNTEERS: POSITION PAPER ON THE PEACE CORPS

(Passed by the General Assembly on Sept. 15, 1969)

We are United States citizens who have worked abroad for voluntary service organizations including International Voluntary Service, the American Friends Service Committee and, for the great majority of us, the United States Peace Corps. We who volunteered for the Peace Corps saw that organization as a vehicle through which we could work in poor communities overseas to help people improve their lives. However, our original idealistic concern did not include an understanding of the underlying causes—social, economic and political—of the underdevelopment we sought to combat.

Now we have gained first hand experience

of the conditions of life in the Third World, and we have also worked to develop a broader perspective on our individual experiences through extensive discussions with many other returned volunteers. Moreover, we have come to a new realization that present day underdevelopment is in many cases perpetuated by the negative and destructive policies of the United States. Therefore because of our continuing commitment to the well-being of the people with whom we lived and worked, we have come to the unavoidable conclusion that the Peace Corps should be abolished, for the following reasons:

I. THE PEACE CORPS SUPPORTS THE STATUS QUO IN THE COUNTRIES TO WHICH IT SENDS VOLUNTEERS

(a) It gives legitimacy, through its very presence, to the local power structure which invited it. This elite, typically in collaboration with powerful U.S. financial interests, indulges its narrow self-interest at the expense of the common people.

(b) It provides an illusion of progress by helping to coax out of an obsolete and inadequate politico-economic system some token social projects (a school here, a health center there), although on a scale so small that it can only be described as cynical.

(c) It attempts to work through individual volunteers on a person-to-person level to ameliorate small, local difficulties, even though these may be but symptoms stemming from problems in the nation's basic institutional structure whose solutions require collective action and awareness.

(d) It seeks to channel the energies of local people with sincere aspirations (youth, leaders, idealists) away from examining and challenging underlying social, political and economic injustices of the existing order by drawing them into superficial efforts; to make that order, no matter how unjust, work more smoothly.

(e) It has the effect of reinforcing the belief already held by many of the world's poor that their underdevelopment is really their own fault and that the unjust social order in which they struggle for existence is immutable. Their conviction that they themselves do not have the creativity and cannot marshal the resources to understand and overcome their poverty and dependence is confirmed.

II. THE PEACE CORPS SUPPORTS THE WORLDWIDE VESTED INTERESTS OF U.S. BUSINESS AND THE U.S. GOVERNMENT

(a) It "makes friends for America" abroad who will become the future supporters of and apologists for U.S. policy in the Third World and can easily be recruited into local American business concerns and cooperating host country agencies. The ultimate goal of this process is the Americanization of the entire world.

(b) It collaborates with other U.S. agencies in underdeveloped countries (including the Agency for International Development, the United States Information Service, the Alliance for Progress), to promote an "alternative to communism." This is nothing more than a kind of "development" along lines which American interests can control for their own benefit—a goal which can only be assured by frustrating the development of the people's awareness of their own self-interest, which might well take the form of socialist revolution.

(c) It grooms Americans for future employment as "area specialists" with the State Department, A.I.D., the Foreign Service, and pacification programs, and with U.S. business interests overseas, thus serving in effect, as a "graduate school for imperialism."

(d) It assembles the considerable collective knowledge which the Peace Corps volunteers have about a country, as expressed in the reports, surveys, plans and evaluations they are frequently called upon to submit to their superiors. The Peace Corps director in the

country, in turn, attends regular meetings called by the U.S. ambassador of his "country team" (including heads of the U.S. military assistance program, the Central Intelligence Agency, I.A.D., U.S.I.S.). It cannot be denied that much of the information they gather is available for passing on to other government agencies.

(e) It capitalizes on the idealism of U.S. youth and on the good will of the people of the United States to present a false image of the U.S. presence in the Third World. Far from radicalizing volunteers, it attempts to dissipate their "excess energy" and to channel it to further U.S. interests.

(f) It presents the Peace Corps volunteer to the people of the United States as the embodiment of its sincere concern with the world's "less fortunate" peoples. The Peace Corps volunteer supposedly represents a sacrifice to carry our "help" to the remotest village. The public is led to see the Peace Corps as a sincere effort to do the "right thing", making up for many mistaken policies and bureaucratic shortcomings of other U.S. aid programs.

(g) It not only draws attention away from the obvious manifestation of U.S. imperialism, such as the Green Berets, but because of its subtlety it is a dangerous extension of U.S. penetration and domination of the Third World.

The Committee of Returned Volunteers is convinced that real development is often impossible without a revolution which carries out an equitable redistribution of economic and political power, including nationalization of all resources; one which makes education, employment, housing and medical care available to all the people. The United States opposes any such revolution, and the Peace Corps is an integral part of U.S. policy. There may well be many superficial changes in the Peace Corps structure and policies from time to time, but regardless of these changes it will continue to function as an instrument of U.S. domination. Therefore, we oppose the presence of Peace Corps volunteers in the Third World. We call for abolition of the United States Peace Corps. We call upon present volunteers to subvert the Peace Corps and all other institutions of U.S. imperialism.

FROM SPACE, A GAIN FOR EARTH

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. TEAGUE of Texas. Mr. Speaker, the Plain Dealer of Monday, September 1, 1969, carried a letter written by Dr. Walter T. Olson, assistant director of Lewis Research Center, a NASA laboratory, who replied to a letter by a schoolboy named Walter Williams. Because of the brief but thoughtful reply by Dr. Olson to this young man's questions, I commend this letter, as reprinted by the Plain Dealer, to your reading:

FROM SPACE, A GAIN FOR EARTH

(NOTE.—In the following letter, Dr. Walter T. Olson, assistant director of Lewis Research Center of the National Aeronautics and Space Administration on Brookpark Road, replies to a query by a schoolboy, Walter Williams, 12815 Woodside Avenue.

The latter had written NASA, asking why man is spending millions of dollars on the moon when he has problems on this earth and wouldn't he be better off to spend this money on fighting slum conditions?

The Plain Dealer believes Dr. Olson's con-

cise appraisal of the overall space program is worth consideration by a wide audience and reprints it with his permission.)

(By Walter T. Olson)

You have asked us why we spend so much money to explore space when we have problems on earth.

I hope that you and your friends will study your history very carefully. When you study history, you will learn that man has always had problems on earth and has, at the same time, continued to explore and to learn new things and to learn how to do new things. As man has learned how to do new things, he has been able to apply what he has learned toward a better life on earth.

It's like this: Once man lived in caves and hunted food by clubbing animals with a stick. Then he learned to hunt with a bow and arrow and that gave him time to build a better house to live in. Then he improved his household tools and that gave him time to cultivate plants and to keep animals for food. All of that gave him time to wonder and so he learned to travel and to navigate.

Travel made it possible for riches and knowledge to spread and to be accumulated all over the world. With riches and knowledge, man acquired even more time to study nature and other things, and what he learned from nature enabled him to invent even more wonderful tools and machinery which let him do things that he could not do by himself.

But many thousands of years went by before our modern age started. Inventions like the telescope and the microscope around 1600 helped the development of sciences like biology, chemistry, astronomy and physics. These sciences helped the development of inventions like steam engines (about 1700), gasoline engines, electric power (late 1800's), automobiles, airplanes, plastics and synthetics, radios and television (1900's).

One invention leads to one or more other inventions, and so the many things and services that we see have been created recently and in growing numbers. The wealth that has appeared in our country has largely come from discovery and invention.

What I have tried to say, so far, is that science and technology have brought us to where we are. For most of the history of man, the tasks of providing for necessities and luxuries were performed through drudgery or slavery. Only in the last 100 years or so have we been able to eliminate slavery, and that was largely made possible by the advancing technology that I have described.

Mankind has always had poverty and slums. Only because technology has advanced so rapidly in the last 20 years have we been able to produce enough wealth and power to even ask the question that you ask: "Why not spend this money on the slums?" This money that you talk about only exists because we have advanced technology.

The space program has been made possible by advanced technology. And, in turn, it helps to continue the development and advancement of scientific knowledge and technical ability. So I would not stop the space program because it advances technology, and we need technology to produce the wealth that will ultimately eliminate slums.

Also, you might want to know how much money is being spent on the space program; it is approximately \$4 billion per year. That compares with the nearly \$60 billion that the United States will spend in 1970 on health and welfare and on community development and housing; in other words, our government is already spending about 15 times as much money on these functions as it spends on space.

Annual military spending is about \$80 billion. Our government will pay almost \$4 billion (as much as the space program) to farmers for not growing things and as price supports. It is interesting to realize that peo-

ple in the United States spend about \$8 billion, twice as much as the space program, on cigarettes, and they aren't even good for you! So we can afford a space program and a lot of other things, too.

Best of all, the accomplishments of the space program remind us that we can solve big and difficult problems. But, we must want to solve the problem, and we must study hard and work hard to succeed. That's how we got to the moon—by hard study and hard work for many years here on earth.

I share your wish and the hopes and prayers of many others that we will somehow speed up our efforts to make the world a better place to live in. But it won't just happen, not even if we spend more money on slums. It will take thought, and dedication, and hard work by us all.

JAMES GROPPI—THE MAD PIPER OF WISCONSIN

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. RARICK. Mr. Speaker, most of us have heard of Milwaukee's James E. Groppi, the demagog masquerading as a priest. His usual followers are young Negroes, demanding something or other which he has persuaded them that they have been denied. His targets are varied, and have included the city council, a judge, a distinguished fraternal order, and now the Legislature of the State of Wisconsin. Should he elevate his sights and regard the Congress as a target, it might be well for us to note his latest escapade.

Monday he led a crowd of so-called "welfare mothers" on a march to Madison, Wis. It is not exactly clear who was caring for the children, but at any rate Groppi and his girls were marching to the legislature to demand more money. On the way, he stopped at the University of Wisconsin to recruit some more assistance. In addressing the students, he told them he had a plan. A number of students joined his troop, and away they marched. Again, it is not entirely clear who was doing any learning at this university.

Groppi's plan turned out to be quite simple. His mob literally tore down the doors of the chamber in which the Wisconsin House of Representatives was meeting, occupied the chamber, took over the meeting, and physically prevented the transaction of business. The Governor of Wisconsin was not a good sport, and called out the National Guard. In this instance, it does not appear to have been federalized.

Today Groppi is in the news again. It seems that a Wisconsin judge has issued a bench warrant for his arrest as a parole violator—stemming from the last time he was convicted of violently interfering with a police officer.

So Groppi is back in church, again. He is claiming "sanctuary"—a gimmick revived by the far left from medieval times. The theory is that a criminal can hide in a church, and the authorities are powerless to apprehend him. This is only a theory, of course, but it does make

good news stories and may even confuse Americans who cannot conceive of their own church hiding a criminal. It is not clear at this time whether Groppi is pretending again to be a priest while he hides.

I insert an article of the Monday disgrace:

[From the Washington Evening Star, Sept. 30, 1969]

GROPPY "SEIZES" LEGISLATURE

MADISON, Wis.—Police herded the Rev. James E. Groppi and about 200 welfare demonstrators from the Wisconsin Capitol last night, but the militant civil rights leader vowed to return.

The eviction of the priest and his fellow protesters ended an 11-hour takeover of the Assembly chambers. National Guardsmen called to duty by Gov. Warren P. Knowles surrounded the Capitol to prevent re-entry. There were no arrests.

PROSPECTS POOR FOR BILL

The legislature was scheduled to try to resume its special session on the Republican governor's \$33 million welfare and urban aid package today. The bill would restore a number of cuts in the state welfare program which the legislature made last month. Its prospects of passage were believed poor.

"We're going to be here as long as the special session is in Madison," Groppi told several hundred cheering followers after their ouster from the Capitol.

ADJOURNMENT FORCED

Groppi, who led a small group of welfare mothers on a 90-mile, week-long march from Milwaukee to Madison, had entered the Capitol about an hour before the special session was to begin at 2 p.m. yesterday.

By the time lawmakers started arriving, more than 2,000 protesters—many of them students from the nearby University of Wisconsin—had crowded into the chambers. They jammed the balconies and stood on desks during speeches by Groppi and others.

The Assembly finally adjourned in an uproar after Speaker Harold Froehlich, R-Appleton, tried unsuccessfully to get the demonstrators to give legislators room to operate.

As uniformed police, and eventually guardsmen, arrived at the Capitol, the number of protesters in the Assembly chambers slowly dwindled. About 300 National Guardsmen were on the scene when Groppi and his group were evicted. A short time later, the guard announced an additional 750 men were being placed on active duty to seal off the Capitol.

MR. McLARNEY—EXPERT

HON. JOHN S. MONAGAN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. MONAGAN. Mr. Speaker, I attach herewith an editorial from the September 29, 1969, edition of the Waterbury, Conn., American, praising Connecticut Governor Dempsey's appointment of Thomas McLarney, of Waterbury, to the new State Commission To Revise the Election Laws. Mr. McLarney is not only an expert and an authority on Connecticut voting laws, but he is a dedicated public servant. His long service as registrar of voters in the city of Waterbury has won credit for him and for the city in the interpretation, enforcement, and improvement of the Connecticut laws, and the protection of the interests of the individual voter. I am personally

familiar with Tom McLarney's abilities and accomplishments in his field and, additionally, I am happy to have him as a friend. The article follows:

RECOGNITION FOR AN EXPERT

Gov. John Dempsey has affirmed the special capabilities of Waterbury's Thomas McLarney when he appointed him to the new State Commission to Revise the Election Laws. The selection of McLarney, Democratic registrar of voters, was proper recognition of one of the true authorities in Connecticut on voting laws.

While McLarney is a Democrat, it has been customary for years for both Republicans and Democrats to consult with him on the proper interpretation of the laws. Election officials in many communities in this area and elsewhere in the state have conferred with him on procedures to be followed. The office of the secretary of state over several administrations has made use of McLarney at seminars of various types on the election laws.

This city is extremely fortunate to have such a man holding the office. While the job of registrar may not have the glamor of many others in city government, it is the key to honest elections which is the foundation of democracy. McLarney's supervision of any election matters is assurance to everyone that the rights of all, regardless of political persuasion, will be protected.

URBAN DEVELOPMENT SHRINKS

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. MINISH. Mr. Speaker, it is unbelievable and indeed, bizarre, that our Housing Secretary, George Romney, has decided to slash funds almost 50 percent for the model cities program. This program, enacted in 1966 to improve living conditions for inner city dwellers, is already underfunded. Nonetheless, Mr. Romney wants to cut its funds almost in half.

The Housing Secretary has announced similar plans concerning the interest subsidy program, which assists low-income families in the purchase or rental of homes. Further, Mr. Romney has called for a substantial reduction in funds for the water and sewer grant program, which was enacted to meet the urgent need of our growing population for increased facilities.

Mr. Romney's statements will only increase confusion about Housing and Urban Development policy concerning Federal aid to cities. Although he has said in the past that these programs must have the highest national priority, he follows up by announcing a cutback on these already underfunded programs. Then he says that "this downward revision in outlay does not represent a cutback."

The fact remains that when there is a reduction in funds for a program, less money can be spent for the program. The cities, therefore, will now have a smaller sum of money to use in solving their urgent problems.

Where will it end? We just might find that without housing and urban development programs, there is no need for a Housing and Urban Development Secretary.

DUAL MORTGAGE MARKET SYSTEM

HON. CHARLES H. GRIFFIN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. GRIFFIN. Mr. Speaker, I know that every Member of this body is gravely concerned over high interest rates and other factors caused by inflationary pressures which have restricted the building of housing units. It is our duty to explore every possible avenue which will provide relief for the homebuilder and the homeowner. In this connection, I commend to my colleagues a statement presented Tuesday before the Committee on Banking and Currency of the other body by W. Parham Bridges, Jr., Jackson, Miss., vice chairman, Realtors' Washington Committees of the National Association of Real Estate Boards:

STATEMENT OF W. PARHAM BRIDGES, JR., JACKSON, MISS., VICE-CHAIRMAN, REALTORS' WASHINGTON COMMITTEE OF THE NATIONAL ASSOCIATION OF REAL ESTATE BOARDS, BEFORE THE SENATE BANKING AND CURRENCY COMMITTEE WITH RESPECT TO THE REPORT OF THE COMMISSION ON MORTGAGE INTEREST RATES

Mr. Chairman and members of the Committee: We appreciate this opportunity to appear this morning to offer our comments on the Report of the Commission of Mortgage Interest Rates and to support its most important recommendations—the abolition of the 6% statutory interest rate ceiling on FHA-insured and VA-guaranteed mortgages and the implementation of an experimental three-year dual market system for determining these rates. The Commission in this report has undertaken an analysis of a very complex subject that adds to our knowledge of the various factors which influence home mortgage credit.

In supporting the recommendations for a dual market system and abolition of the 6% statutory ceiling, we wish to make it clear that we have no particular affinity for high interest rates. Our industry is hurt badly during periods such as the present one when money is tight and rates are high. Nor should our position lead any to infer that we are insensitive to the credit needs of lower and moderate income families who suffer the most from high rates. If we felt that the dual market system would contribute to the upward tendency in interest rates, we would surely be opposed to its enactment.

Experience has shown, however reluctant any of us may be to admit, that there is very little relationship between the statutorily imposed ceiling rate and the actual yield demands of the market. While government can control interest rates by imposing an artificial ceiling, the result of doing so often leads to a drying up of available funds. Accordingly, we believe that more money will be made available to mortgage borrowers under a comparatively regulation-free system than under a system which imposes an unrealistic statutory ceiling which is not responsive to the demands of the market place.

There are those who argue that a rate ceiling can act as a restraint in tight money periods, that the ceiling will slow the upward trend in yield demands. This argument continues that the ceiling enables many families to obtain mortgage loans at lower rates than they could have obtained in an unrestrained market. We believe that these "restraints" actually serve only to make FHA and VA mortgages unavailable to the very people the advocates of a controlled system wish to help. What solace does it provide to the borrower

that he is not saddled with high interest rate payments if the result of all this protection is to deny him mortgage funds altogether? Perhaps there are home owners today who are paying lower rates than they would under a relatively free system, but there are far more families that are not home owners, or who have not moved into a new home they covet, only because an artificial ceiling has dried up any funds that would otherwise be available.

We must overcome the notion that we can control yield simply by imposing ceilings. As long as lenders have alternative means of investment the ceiling will be self-defeating. Discounts are the inevitable by-product of rate ceilings, and the discount simply translates the allowable rate into the actual rate. If discounts are forbidden and the ceiling is not lifted, then no funds are made available. The ceiling might protect would-be borrowers from excessive interest, but in reality only by denying them mortgage funds outright.

In advocating permanent abolition of statutory rate ceilings for FHA and VA mortgages we are by no means suggesting that government should make no effort to minimize interest rates. The Commission quite properly cited the need to control inflation, and the need to achieve a proper balance between fiscal and monetary measures designed to combat inflation as a means of helping to control the tremendous upward pressure on interest rates we have experienced in recent years. Ultimately, interest rates on residential mortgages are determined by the economic forces which compete for the nation's supply of credit. Policies of the federal government and the spending and borrowing practices of the Administration have a tremendous impact on mortgage interest rates. Mortgage rates can be influenced downward if our nation's leaders make such control a high priority item. It will require discipline, but interest rates can be reduced, and we urge that they be reduced—but not by imposition of an artificial statutory ceiling which serves only to shift the blame for high interest away from those whose policies helped to cause the high rates in the first place.

Members of this Committee have heard many times in recent years that inflation hits hardest at the mortgage industry. We will not elaborate on it any further now, but we hope steps will be taken to control it if not end the current inflationary spiral.

The primary objective of the proposed dual market system is to eliminate discounts. Real estate brokers and salesmen believe that high discounts are a far greater deterrent to any mobility in housing than high interest rates. Our members have the unpleasant task of explaining to a distraught home owner who is finally ready to buy a new home more suited to his family needs that the equity he has in his present home, which he is counting on to provide the downpayment for his new one, must be used instead to cover part of the cost of mortgage funds for the buyer of his existing home. It is not possible to calculate the quantitative effects of high discounts, but it should be borne in mind that as each home owner decides against the purchase of a better home, as many as three or four sales may have been lost. He will not be buying a new home, no one will be buying his home, and no one will be buying or moving into the home of the family which might have bought his present home.

In the final analysis it is unjust to expect a seller to use his equity to help a buyer obtain financing. It should be a goal of the Congress to eliminate the factors which cause excessive discounts in the first place.

Discounts also deter speculative building, in our opinion, more than high interest rates. It cannot be over-stressed that unless there is building and unless owners of pres-

ent housing place their homes on the market, home ownership opportunities for families not now enjoying that privilege cannot be made available.

Nevertheless, we agree with the Commission Report that it will take some time for the market to adjust to a system which abolishes discounts, and for this reason we urge the Committee to approve both parts of the dual market system. Hopefully, in three years it will be possible to discontinue the charging of discounts in the FHA and VA market altogether. Certainly we pledge that our Association will do all within its power to discourage the use of discounts, if this plan is enacted. The institutional changes that the new system will bring about will not occur overnight, and we therefore believe that the option should still be available.

For lower income families that can least afford high interest rates federal assistance is the only answer. Interest subsidy programs such as Sections 235 and 236, rent supplements, leased housing and other programs must be funded at sufficient levels to enable these families to acquire adequate housing. We do not believe that these families should be made the victims of federal spending restraint.

At the same time, however, we hope there will not be reluctance to enact the dual market system and to abolish the statutory ceiling because of the impact it will have on low and moderate income families. If a ceiling rate is arbitrarily low, money will not be available. The cost of home mortgage credit will be set by the market, regardless of how much some of us may wish this were not so. To those families whose incomes are insufficient to pay the market price federal assistance must be made available. The Congress would be doing these families a much greater favor by appropriating money for interest subsidies and other housing assistance than by "protecting" them against the evils of high interest rates by cutting off what funds might otherwise be available for mortgage loans.

We would like now to comment briefly on some other aspects of the mortgage market which we hope the Committee will consider. First is the authority contained in the Housing Act of 1968 for the holders of FHA and VA mortgages to issue securities which would be backed by the Government National Mortgage Association. We earnestly hope that the proposed regulations recently published by HUD will be activated without further delay, but at the same time we believe they are too restrictive to have the impact the authors of this program envisioned.

We believe that the authority needs to be expanded to permit the issuance of securities other than the pass-through type. If this instrument is going to tap the sources of capital that need to be attracted in order to become a viable force in the market, market-types of securities must be designed. Moreover, we believe the proposed regulations contain minimum issue amounts and minimum face amounts which are much too high. The \$5 million minimum issue amount is unduly restrictive and will prevent many smaller institutions from taking part in this program. In addition, we believe that the \$100,000 minimum face amount of each individual obligation is higher than it need be if the obligations are to have a wide appeal. A \$25,000 minimum would provide the necessary protections against disintermediation and undue competition with mortgage-oriented thrift institutions.

We urge the Committee to use its influence to obtain these changes and additions in subsequent regulations. The mortgage-backed security is one of the most promising developments in the mortgage market in recent years, and we hope that the implement-

ing regulations will be sufficiently flexible to enable these securities to be of maximum impact in attracting capital that has heretofore been unavailable to the mortgage market.

We also wish to reiterate our plea that we begin looking toward some long-range solutions to some of the institutional problems that have plagued the mortgage market, even in brighter years. In the past, reforms in the mortgage market have been born out of crisis and the solutions have been necessarily short-range. Many of the reforms we still need could have come about 20 years ago if all of us had been a little more farsighted.

The mortgage instrument itself is in need of revision. Because of differing redemption periods, complex foreclosure procedures, and other institutional problems inherent in the mortgage instrument the mortgage is not competitive in the financial market. The National Commission on Uniform State Laws has undertaken a project aimed at the objective of creating uniformity in this area. This project is being financed by the industry.

While the Federal Housing Administration has made a significant contribution toward ameliorating this problem by achieving some degree of uniformity for certain classes of insured mortgages, the great bulk of residential mortgages are not nationally marketable securities. Even the FHA mortgage is subject to different state laws involving foreclosure and redemption procedures.

Uniform state laws would be of immeasurable benefit, but we need some form of catalyst to bring them about. Our years of study on this question bring us to a recommendation we have made to this Committee in the past and which we make again today: that the Federal National Mortgage Association be authorized to deal in conventional loans.

The development of a strong secondary market for residential mortgages, whether insured or conventional, is essential to the future stability of the mortgage market. FNMA has made considerable progress and now that it is independent it is making a tremendous impact on the insured mortgage market. But it needs to have an impact on the entire mortgage market, not just that part consisting of FHA and VA mortgages.

We note that the Chairman on September 24th introduced S. 2958 to authorize the Federal National Mortgage Association to purchase conventional mortgages. We strongly urge the Committee to approve this bill as essential to the solution of the long range problems affecting the mortgage market.

HEARINGS OF INTERNATIONAL EXECUTIVES, FINANCEES, AND H-VISAS

HON. MICHAEL A. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. FEIGHAN. Mr. Speaker, the Immigration and Nationality Subcommittee of the Committee on the Judiciary has scheduled hearings to commence on October 6, 1969, in room 2237, Rayburn House Office Building, at 10:30 a.m. and to be continued in room 2237 Rayburn House Office Building on October 8 and 9 at 10 a.m.

These hearings will examine the subjects of temporary admission of specialist personnel and executives, the temporary admission of financees and finances of U.S. citizens, and the temporary ad-

mission of skilled workers to fill jobs permanent in nature.

Officials from the State Department will testify on October 6, officials from the Justice Department on October 8, and officials from the Labor Department on October 9.

Additional hearings will be scheduled later in the month at which officials of the AFL-CIO, U.S. corporations conducting international business, the National Foreign Trade Council, and the Association of Immigration and Nationality Lawyers, and others will testify.

EFFORT TO KEEP RAILROAD PASSENGER SERVICE

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. PICKLE. Mr. Speaker, last week, I joined with the gentleman from Washington (Mr. ADAMS) in his special order concerning rail passenger service, and in sponsoring a bill to give the Interstate Commerce Commission the authority to regulate the quality of service extended to the railroad passenger.

This is an important and critical area and one made more so to me by recent developments in my own hometown. Several weeks ago, the Missouri-Pacific filed with the Texas Railroad Commission an application to discontinue the Eagle, the last remaining passenger train serving Austin.

The Eagle now runs from St. Louis to Laredo, and the discontinuance application, if granted, would allow the service to terminate at Texarkana.

In addition to this development on north-south service, my district also suffered a serious blow in connection with the recent ICC case which gave rise to the legislation dealing with quality of service. The so-called Messer case authorized discontinuance of the Sunset Limited, and this action worked to remove from Smithville and other towns in my district the last remaining east-west passenger train service.

The result of these developments of the past several weeks is that the 10th District and indeed all of central Texas has lost or is seriously threatened with losing north-south and east-west passenger train service.

As a result of these saddening developments in our own area, and of the activity seen recently in Congress, I was contacted by a number of people from the Austin area who expressed strong support for a move to keep the Eagle running. They also felt that the ICC should have the authority to regulate the quality of passenger service, and some of the letters described extreme instances of poor service.

While the discontinuance of the Eagle does not come before the ICC for consideration, I do feel that many of the letters I have received concerning it are of proper concern in connection with the additional authority the ICC requested in issuing the Messer opinion.

Accordingly, Mr. Speaker, I intend to forward these letters to the ICC in further support of the need for maintaining our passenger train capability.

In addition, I intend to forward to the ICC any further statements I receive on this subject, particularly as they relate to the rail passenger problems in my area.

As I have said before, I strongly feel that we must make an all-out effort now to keep our passenger trains alive, and to assure that we do have a system available for use when we reach further technical success in high speed ground transportation. We already have seen strong evidence from the demonstrations of high speed trains that a good, reliable system can be profitable when operated with due consideration for the passenger.

THE ADMINISTRATION WORKS TO SOLVE CIVIL AVIATION PROBLEMS

HON. HASTINGS KEITH

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. KEITH. Mr. Speaker, the Committee on Interstate and Foreign Commerce, on which I serve, is presently in its second week of markup of the administration's airports and airways development bill.

Passage of this proposal is essential if we are to provide for the orderly growth of our Nation's airways and airports system in the decade ahead. In order to alert the American public to the need for this bill and to inform citizens of its provisions, FAA Administrator Shaffer has written an explanatory letter to a number of newspapers.

In order that all members might have the benefit of this clear and concise appraisal of the administration's response to the challenge of airport and airways growth and modernization, I include Administrator Shaffer's letter, as it appeared in the Boston Herald Traveler, September 25, 1969, at this point in the RECORD:

ADMINISTRATION WORKERS TO SOLVE PROBLEMS OF CIVIL AVIATION

(By J. H. Shaffer)

In recent weeks considerable editorial comment has been accorded air traffic controllers and their observations on the state of the country's airports and airways.

In behalf of the controllers, let me say that their profession entails a deep sense of responsibility for the safety and welfare of the flying public. The vital service controllers perform is indispensable to safe air transportation.

We are continuing to recruit, train, and place air traffic control personnel and technicians as rapidly as present circumstances permit. During fiscal year 1969, we achieved a net gain of 2,086 air traffic control specialists, 241 electronic technicians, and 224 inspectors and aircraft operations personnel. Unfortunately, the influx of qualified people is not sufficient, under the present system, to meet our total needs.

It should be understood that the air traffic controller personnel problems cannot be isolated from the larger problems besetting

the nation's air traffic system. I am concerned that public attention may have been diverted from pending legislation which seeks to revamp the nation's airport/airways system and, not incidentally, vastly improve the environment of those who control traffic and maintain the airways.

I am hopeful that newspapers which are concerned about the state of aviation generally will not overlook the efforts the Nixon Administration is making to deal constructively with the root of the problem—the insufficiencies of our present airport/airways network.

The subject is timely, since further congressional hearings on the legislation introduced last 16 June are being held during September.

The problems afflicting civil aviation today did not develop yesterday, last month, or on 20 January. Over the years, the Federal resources available in support of civil aviation have failed to match all transportation's spectacular growth. Repeatedly, aviation's needs have yielded to other national priorities. In the past, gross tragedies such as the Grand Canyon and Staten Island accidents have stimulated public support.

Nevertheless, the time for improvement and expansion of the nation's aviation facilities and services can no longer be delayed. Accordingly, the administration has proposed strong and responsible legislation, not only to pay for additional navigation aids and other electronic equipment, to help expand airports, to reduce the pressure of air traffic control, and to further support the growth of aviation as a viable force in our national economy, but also to produce the necessary funds to do these things.

Today revenues from a half-dozen user sources are available for the construction and maintenance of highways, while only a nominal tax on aviation gasoline (four cents a gallon, two cents of which is refundable on request) presently goes into the general fund to support aviation needs. Yet, like expressways, runways take concrete, and high-stressed runways cost \$1,000 a linear foot; a modern airport like the new Wallas-Fort Worth Jetport may cost a billion dollars before fully completed.

Aviation's needs are fiscal, not technical. Federal program costs for airports and airways over the next decade are estimated to be \$14½ billion. Two-thirds of that sum can be raised through increased taxes on air transportation.

I believe the American public is ready to pay as it flies for the improvements in the airways which are so badly needed, just as the public pays as it drives for the highways that lace our country. A long-range, fiscally-sound foundation is urgently needed if airway developments are to cease being piecemeal, patch-work projects, and graduate into well-planned, substantive programs consistent with the national need. Such programs are not feasible unless the funds to support them are assured.

The schedule of user taxes produced includes an increase in the commercial air passenger domestic ticket tax from five to eight per cent, for a projected ten-year revenue yield of \$7.37 billion; a \$3 per person tax on international departures (\$4 billion); a five per cent tax on air freight waybills (\$.62 billion); and an increase to nine cents per gallon on all non-commercial aviation fuel (\$.75 billion). The total revenue to be realized over a ten-year period: \$9.14 billion.

All taxes collected under this schedule will go into a "designated account" and be earmarked specifically and exclusively for air traffic services and airport development, excluding the facilities within the terminal itself. During the first year, the proposed new taxes would produce revenues of \$509 million, an increase of \$274 million over present taxes.

In the course of the decade, the prospects indicate double the revenue yield that would be available without the new taxes.

The FAA's program for the next decade calls for the construction of 900 new airports and the improvement of 2,750 others (the ten-year cost would be approximately \$2.5 billion in Federal money, matched 50-50 by local governments); the extension of air traffic facilities to smaller airports and an acceleration of modernization efforts (also \$2.5 billion for the ten years); research and development activities aimed at the future (\$6 billion); and the recruitment, training and placement of the additional air traffic and emergency personnel needed to fully man and maintain all facilities (\$8.9 billion to raise the total of such personnel from 32,000 to 53,000).

In the past the Congress has supported department and agency recommendations for the hiring of additional controllers and for authorizing true time-and-a-half for overtime, where necessary. While the training and placement of controllers admittedly has not kept pace with the growth of aviation (which has exceeded everyone's forecasts), there is a limit to the logic of tackling a problem by assigning more people to share it than by seeking to correct it. The completion of the current automation program, the replacement of out-dated equipment, and the acquisition of more and better navigation aids will substantially reduce the strain of the air traffic controller's job while increasing his responsibility as the ground level manager of an airborne system.

It is, therefore, Secretary Volpe's view and mine that "pay-as-we-grow" airport/airways legislation is one of the most important measures before the Congress. If we are to avoid the mistakes of recent years, the under-estimation of the growth of air travel and the need for airways facilities and people, we must embrace the user charge and designated account principle of financing our airports and airways.

The resulting transfusion of funds and facilities will stem the national civil aviation anemia, and strengthen air transportation's prospects for growth in the public interest.

LUNAR LANDING

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. GOLDWATER. Mr. Speaker, during these days of great scientific achievement, there is much discussion of an alleged conflict between science and religion. However, I believe most of us will agree that man's achievements here on earth and his spiritual life go hand and hand. I believe that this was very beautifully stated by a Rabbi Juda Glasner in an article published in the Los Angeles Herald Examiner on August 30, 1969. The climax of our scientific and technological advancement in this century was culminated, I believe, by the landing of man on the moon in July. Therefore, I am placing this column in the CONGRESSIONAL RECORD, because I believe it describes in simple words the relevance of God to both our modern world and this wonderful achievement:

LUNAR LANDING

(By Rabbi Juda Glasner)

The success of Apollo 11 is among mankind's historic achievements. Because of it

historians will refer to our age as the era of fantastic accomplishments in science.

The following story is an apt commentary on the unprecedented progress of our age and its ramifications. A pilot was reported to have made this announcement to his passengers: "Ladies and gentlemen, we are off course but we are making excellent time." Whether or not this story is really true, it reflects upon the trend of our present time. The speed at which we travel has led our nation to land men on the moon. The tempo of our time leads us to produce a staggering volume of commodities of almost infinite variety. Thus it appears that speed and quantity have become national goals. However, as the above story indicates, it seems proper and fitting to ask: are we as a nation off course?

Long ago when the Psalmist prayed to the Lord, it was not for speed he pleaded, but to "Make the way straight before me (Psalms V,9). Thus, to King David, right "direction" was more important than "speed." Similarly, even in a time of amazing accomplishments, we must remember, just as David did, that as we move ahead we must be sure that we are moving in the right direction.

As a nation we can take rightful pride in the phenomenal advancements made by Apollo 11. However, we must be mindful that an age of discoveries and innovations is generally beset with many hazards. The President, in his address at the dedication of the Karl E. Mundt Library at General Beadle State College in Madison, South Dakota on June 3, 1969, referred to these hazards when he said, "... the usual apologists are ready to excuse any tactic in the name of progress." Indeed, progress alone without direction can eventually cause retrogression. Just when we are moving forward we may easily fall backward if we are misguided in our direction. Therefore, it is vital that today, when our nation is overwhelmed with progress, that we should seek the direction that will make our progress meaningful.

Thus, the astronauts of Apollo 8 should be credited not only for being the first men to see the backside of the moon, but also for the spiritual lesson they taught us which lesson perhaps transcends the technological achievement. For, in their greatest triumph, they focused our attention on God. As they accomplished their difficult and complex mission they were not overwhelmed by their own power, instead, at the height of their success, they displayed a humility that is so often forgotten in these days of progress. As they circled the moon they recognized that without God there would be no universe. While still in space they referred to the opening verses of the Book of Genesis, reminding us that God is the Creator of the universe, and that without His assistance, without His help, no mission, no task can be executed and fulfilled.

Again, during the Apollo 11 mission, when Edwin E. Aldrin discussed the symbolic aspects of the moon flight, he ended his remarks with a verse from the Psalms: "When I considered Thy heavens, the work of Thy fingers, the moon and the stars which Thou hast ordained, what is man that Thou art mindful of him? . . ." (Psalms VIII, 4-5). Thus our nation has concluded its most significant projects in space by reaffirming that we are a nation under God. And we have thereby rejected the notion of the Soviet Union that were there a God the late Yuri Gagarin would have seen him hovering somewhere in space.

Our direction, therefore, should be clear. Abraham Lincoln indicated that direction when he said, "I am concerned to know not whether the Lord is on my side but whether I am on the Lord's side." As long as it continues to keep this direction in mind, our nation will continue progress and prevail.

THE GREEN BERET DEBACLE

HON. LOUIS C. WYMAN

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. WYMAN. Mr. Speaker, at long last the public charges against our eight Green Beret soldiers have been dropped. They never should have been brought in the first place, much less all the attendant public information concerning their nature and detail.

Soldiers under military discipline in time of de facto if not de jure war ought never to be exposed to this sort of public accusation. It is not only harmful to them individually but virtually disastrous in terms of military morale in general. Whomever within the Military Establishment is responsible for initiating this debacle ought now to be placed in a position where such a grievous error cannot harm this country again.

In this connection the following editorial in the Washington Evening Star of September 30, 1969, is significant:

CHARGES DROPPED

One of the strangest cases in the annals of United States military justice has come to a fittingly bizarre conclusion. The murder trial of the eight Green Berets has been called off.

The decision to cancel the trial was entirely reasonable. Army Secretary Stanley R. Resor cited the refusal of the Central Intelligence Agency to let its agents testify as the reason. Perhaps it was. But there is an inevitable suspicion that the Army, the administration and the CIA must have watched with growing dismay as the defense wheeled up an awesome array of legal artillery.

When the charges were first announced, it seemed proper that the trial should proceed—if only to give the accused officers and men a chance to clear themselves of the charge of murdering an enemy in time of war. As the weeks went by, and as the list of major defense talent lengthened, it became clear that the eight Green Beret soldiers would not be the only defendants. The Army, Special Forces, the CIA, the intelligence apparatus in Southeast Asia, would be in the dock beside the accused men.

What would remain of the intelligence system after such a trial? What of the already tattered image of the United States in the eyes of much of the world? What would happen to relations between the United States and its touchy ally in Saigon?

But if the cancellation of the trial was justified, what of the Army's conduct prior to its reversal? There is at least a question as to whether the case should ever have been brought to light, or whether, in the national interest, all matters involving the shadow world of espionage should not be left beneath the veil.

Those who bungle assignments or who exceed their authority can be—and have been—disciplined without the attendant glare of a public trial. It is not "The American Way." But neither is espionage. It is a necessary evil, and if we are going to play the game, perhaps we should play it all the way according to the established, dark rules.

There can, under any set of rules, be no excuse for the revelation of specific charges against the accused men. The part each man is supposed to have played in the planning and the execution of the murder of the suspected double agent is on the record. The trigger man was named. Calling off the trial removes the possibility that any of the ac-

cused will spend the rest of their lives in prison. But it cannot lift the shadow of suspicion that the Army has placed over them. Perhaps the only sound official decision to date has been the cancellation of the last act of the dismal drama.

AN ANSWER TO OUR BLOOD SHORTAGE

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. CARTER. Mr. Speaker, to emphasize the importance of the donation of blood by all healthy citizens, I have introduced a resolution authorizing the President to proclaim the month of January of each year as National Blood Donor Month.

Recently, Mr. Robert K. Massie, a prominent author whose son suffers from hemophilia, wrote an enlightening article, one that shows an excellent understanding of the use of whole blood and its various components.

I include the article in the RECORD at this point:

[From the Reader's Digest, October 1969]

AN ANSWER TO OUR BLOOD SHORTAGE

(By Robert K. Massie)

Through last year's long Fourth of July weekend, while most Americans were lazily swimming, grilling hamburgers or watching fireworks, I was struggling with a medical emergency. I spent the whole four days on the telephone, trying to locate a supply of the special blood product that my son Bobby needed to stop an internal hemorrhage into his right elbow joint.

Bobby, 13, is a hemophiliac. On Thursday morning, he had complained of pain in the elbow. Normally, I would have given him a transfusion of the blood protein essential to clotting—which should have stopped the bleeding quickly. But I could find none available in the Greater New York area. So Bobby continued to bleed. "Don't worry so much, Dad," he'd say cheerfully. "It's not too bad."

Relatively speaking, he was right; it wasn't one of his most serious bleeding experiences. But it seemed to me incredible that New York's reservoir of blood could suddenly run completely dry. Donating blood doesn't take much time and hurts very little. And millions of people, for myriad personal reasons, donate theirs so that other millions can survive disease, surgery and accidents. This recognition of obligation between human beings who usually don't know one another has always seemed to be a hopeful feature of modern life.

In our case, Monday morning did bring a fresh trickle of donors, and the crisis—Bobby's and the city's—was over.

The grim fact is, however, that the shortage of blood is a dangerous, growing, nationwide phenomenon. Superb new advances in medicine, such as open-heart surgery and organ transplants, require unprecedented quantities of blood. This year, between six and seven million pints of blood will be drawn in the United States, yet this is only a tiny fraction of the amount potentially available: only three percent of the potential donor population (people between the ages of 18 and 65) gives blood. This figure is, I think, both an indictment and a challenge.

Blood recruiters have tried many techniques to stimulate more voluntary blood

donations.¹ The results are disappointing, however. In New York, for example, the Community Blood Council, a voluntary group made up of some 16 different organizations in the area, devised a plan under which the donation of a single pint of blood entitles the donor and his entire family to complete coverage of any possible blood needs for a year. Yet from about 3,500,000 healthy adults in the Greater New York area who are members of Blue Cross come only around 100,000 donors a year. "In New York City," says Edward Schottland, Director of Donor Recruitment for the Greater New York Blood Program, "some companies give their employees time off for donating blood. But others tell their employees that if they want to give blood, they must do so after working hours." The problem is not confined to the United States. To encourage donations, Sweden has found it necessary to pay all donors a flat \$5 "courtesy fee." Russian workers who give blood get one day off. If a worker gives five times a year, he may receive an extra week's vacation on the Black Sea.

STRETCHING THE SUPPLY

But many doctors wonder if even additional recruiting can meet skyrocketing demands quickly enough. Says Dr. James Stengle, Chief of the National Blood Resources Program of the National Institute of Health, "If supply is to keep pace with demand, we must first make better use of the blood already available." One of the things that worries Dr. Stengle is that blood often expires on the shelf of one hospital while there may be a desperate need for it in another hospital only a few miles away.² To everyone concerned with blood resources, this huge and costly loss is totally unacceptable. A new program designed to eliminate this wastage is being worked out on a regional level by the National Institutes of Health: a computerized blood inventory system that moves blood swiftly from areas of surplus to areas of demand.

A second great step forward is the development of techniques for quick-freezing blood so that it can be stored indefinitely. Eventually, it may even become possible for a person to build an absolutely safe reserve of his own blood, drawn over the years, frozen, and stored against the day when major surgery is needed. But so far, the process is cumbersome and expensive.

By far the most promising new advance in blood utilization is called "component therapy," involving the process of separating blood into its different cellular and protein components: red cells, white cells, platelets, antihemophilic factor (AHF), albumin, fibrinogen and gamma globulin. Thus, one pint of blood, given by a single human donor, can help seven other human beings by providing only that component which they actually need. Not only does this multiply the national blood supply, but it is also infinitely safer and more effective for patients.

My son Bobby provides an excellent example of component therapy's effectiveness. His hemophilia is caused by the absence of the blood component AHF. Whole blood contains little AHF relative to the amount of blood that can safely be transfused. Fresh-frozen plasma was an advance, but even this

¹ In New York about 40 percent of total collection comes from paid professional donors, which can be hazardous. For example, authoritative studies have found that the incidence of hepatitis is at least six times greater among professional donors than among volunteers from the families of patients.

² Even within the blood bank's refrigerator, more and more blood cells die as the days pass. After 21 days, the cellular component is no longer fit to use, but plasma can be conserved for fractionation into proteins.

sometimes failed to provide enough AHF to control his bleeding. Separating the blood into components removes those parts of the blood that he does not need and gives him a concentrate of AHF, which usually stops his bleeding almost immediately.

ISOLATING THE COMPONENTS

The scientific understanding of the nature and function of human blood is expanding rapidly. For almost a century, doctors had to transfuse whole blood. Then, during World War II, plasma—the fluid, non-cellular portion of blood—was successfully separated from red cells on a mass basis. Plasma saved thousands of wounded men in shock from blood loss. Since then, many of the components of blood have been identified, their functions understood, and ways found to isolate them without damaging their ability to function effectively inside another human body.

Thus, doctors today have at their command an impressive array of separate blood components. First are the red cells, basic to life because they carry life-sustaining oxygen from the lungs to every part of the body. Formerly, a patient suffering from chronic anemia—his tissues "suffocating" slowly for lack of oxygen—was given a transfusion of whole blood to supply the missing red cells. Unfortunately, the large volume of plasma included with the transfused blood filled the patient's veins with superfluous fluid, which could strain the heart. Now, only the red-cell component need be given. A minimum volume achieves a maximum effect.

White cells, or leucocytes, defend against infection in the body. With cancer therapy and certain toxic conditions, for example, the number and activity of leucocytes drop alarmingly. In such cases, a transfusion of the concentrated leucocyte component may help save lives. Or take the patient who receives a new kidney or heart. He must have massive doses of X rays or drugs to prevent his body from rejecting the foreign organ. But this dosage may also kill his white cells, leaving him dangerously susceptible to infection. Transfusing him with concentrated white cells provides a temporary defense mechanism.

Platelets, the smallest cellular component of blood, play an important part in preventing bleeding. When a break in a blood-vessel wall occurs, platelets form clumps which temporarily plug the hole and then interact with plasma proteins to produce a clot. A normal person has almost nine million platelets in every ounce of blood. But in leukemia, platelet count may fall below one million, and the result may be massive bleeding throughout the body. Transfusions of platelets are therefore standard in leukemia therapy.

Once the red and white cells and platelets have been separated from blood, what remains is plasma, which can be further subdivided into several vitally useful components. One is AHF, Bobby's benefactor. The known others are albumin, fibrinogen and gamma globulin.

Albumin is the most abundant of the many proteins found in plasma, and is used principally as a substitute for whole plasma in restoring blood volume. It has the great advantage over plasma of being free of any hepatitis virus, but though widely in demand, it is not adequately available. Fibrinogen, like AHF and platelets, plays a role in blood clotting, and is occasionally effective in controlling the dangerous bleeding that may occur in women immediately after childbirth.

Gamma globulins are a family of protein molecules that include antibodies to almost all infectious diseases. Given either preventively after exposure to a disease, or, sometimes, as treatment, they play an increas-

ingly routine and important role in modern medicine. Donors who have recently had a given disease or a vaccination against it may have blood whose gamma globulin is especially rich in that particular antibody, thus providing science with what amounts to a specific "tetanus immune" or "measles immune" globulin. "Separation of plasma into components is not merely the best way of using most of the blood collected," says Red Cross and New York University researcher Dr. Alan Johnson. "It is literally the only way that we will be able to supply enough plasma and prepare enough blood-component concentrates to meet our rapidly expanding needs."

A PROBLEM OF EDUCATION

Why not fractionate most of our fresh whole blood? Without recruiting a single additional blood donor, six million annual donations could be transformed into a supply of as many as 42 million units of blood components.

One reason is know-how. Producing blood fractions is still more complicated than collecting and transfusing whole blood. Another factor is cost. In time, however, because costs will be fairly shared among the several components, fractions will become cheaper than whole blood. And if, as scientists hope, the process eventually can be automated and large volumes fractionated routinely, costs should drop dramatically.

At the moment, however, there is a more serious obstacle: doctors themselves. "Many physicians are still unaware of the value of using blood components," says Dr. Julian B. Schorr, clinical director of the Greater New York Blood Program. "They have been told in medical school, 'If your patient is losing whole blood, replace whole blood.' They are reluctant to change."

Some patients, of course, do need whole blood: to replace massive blood loss or in certain exchange transfusions. In many other cases, whole blood is being given in order to replace a deficient number of red blood cells. Here, the administration of whole blood is wasteful. Moreover, it can be a gamble with a patient's life. Errors can occur in the process of matching the donor's blood to the recipient's. In rare cases, they may be fatal.

The problem, therefore, is as much one of education as of cost. And the message to be preached is as logical as it is urgent: Faced with a surging demand for blood and its components, confronted with unmistakable evidence that the separate components are usually better for the patient than whole blood itself, American medicine must make component therapy not the exception, but the rule. When this is combined with an increased realization of the need for blood donations, then and only then can we avoid weekends like that Fourth of July when a great American city simply ran out of blood.

MOTHER'S FEARS REALIZED

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. LONG of Maryland. Mr. Speaker, L. Cpl. Joseph G. Sands, a fine young man from Maryland was killed recently in Vietnam. I wish to commend his courage and to honor his memory by including the following article in the RECORD:

MOTHER'S FEAR REALIZED: WAR KILLS SON

Mrs. Eleanor Wolfe had a feeling that her son, Joseph Gregory Sands, ever went to Vietnam, "he wasn't coming back."

Mrs. Wolfe stopped him from going into

the combat zone once, and an appendicitis attack stopped him a second time. On his third try, he got as far as Okinawa, and in June he finally got to Vietnam. "He certainly kept on trying," Mrs. Wolfe said yesterday. "And he finally made it."

Tuesday, an enemy mortar round crashed into a Marine night camp in Quang Nam province and killed Lance Corporal Sands, 22.

"When I came home yesterday, there were two Marines waiting for me," Mrs. Wolfe said, "I knew what it was."

Mrs. Wolfe says she has come to trust her "feelings." She had "a feeling" just before her first husband, Joseph B. Sands, died, and just before her son had his appendicitis attack.

"I had a feeling again a month ago, and told my husband that something had happened to Gregory," she said yesterday. "The next week we got a letter that his helicopter had been shot out of the air, but miraculously no one was injured."

NEVER TOLD SON

Mrs. Wolfe said her son first volunteered to go to Vietnam when he was still under 21 and needed her permission.

Mrs. Wolfe said she never told her son of her foreboding.

"I never told him point-blank please don't go," she said. "He was not a kid, he was a man: he had a right to make his own decisions."

Mrs. Wolfe said that after the helicopter crash last month her son wrote and told her "he was indestructible," and she wrote back and told him "to keep * * *."

"SENSE OF DUTY"

"He was a good kid," she said. "He wanted to go to Vietnam, and he had a great sense of duty and responsibility to his country."

Mrs. Wolfe said her son dropped out of Patapsco Senior High School in his senior year to join the Marine Corps, but continued his studies and passed his high school equivalency test while in the service.

Besides his mother, he is survived by two sisters, Christine Sands, of the home address, 1939 Codd avenue in Dundalk, and Mrs. Sharon Kruff, of Camarilla, California.

GARDENA VALLEY NEWS COMMENDS WILSON DRUG BILL—CALLS FOR JOINT UNITED STATES-MEXICAN CONTROLS

HON. CHARLES H. WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. CHARLES H. WILSON. Mr. Speaker, the Gardena Valley News has long been a crusading newspaper in the field of combating narcotic addiction and drug abuses. The publishers have shown perception and sensitivity in this area that unfortunately is very rare today. They have been in the forefront of responsible citizens calling attention to the Mexican border narcotic traffic and the attendant increases in California drug consumption.

This summer the Gardena Valley News published an editorial largely commending but also slightly critical of drug legislation that I have proposed in the House and Senator YARBOROUGH has introduced in the Senate. I wish to thank the publishers for their kind words and constructive criticism. I wish also to call to my colleague's attention the text of their editorial.

With the institution of the administration's Operation Intercept the Gardena Valley News' call for action against pharmaceutical houses which send to Mexico large quantities of pills that are inevitably smuggled back across the border and for the United States and Mexico to work out a mutually agreeable yet effective solution to the border drug traffic problem, merits your attention. As pointed out in the editorial, like crime, the drug problem will not yield to one or two simple methods of attack. Creating tension between border merchants and government officials may possibly deter the government-to-government cooperation that is needed to reduce smuggling. The effects of driving marihuana off the market must be considered and planned for. Will it increase consumption of harder narcotics? Will it spur profit-motivated pharmaceutical firms to keep up their outrageous pill production for export and eventual illegal reentry into the United States? Will organized crime move in and try to encourage increased heroin importation because of the tremendous profits that they can derive from it? Will the cutting off of marihuana prove that it is psychologically addictive? Is hashish merely a concentrated form of marihuana with no noticeable differences in effect? These are but a few of the questions that come to mind as a result of the Nixon administration's aim of making marihuana too expensive and rare for college kids to acquire.

Is the Justice Department consulting the Department of Health, Education, and Welfare on these questions? Are Federal efforts being coordinated? Is there a difference in approaches to the problem within the administration? If so, should not a unified, joint approach be utilized? Do we know enough about the subject? I think not and have, therefore, sponsored a bill to create a commission on marihuana and hallucinogenic drugs. The Judiciary Committee will hold hearings on the bill today and hopefully favorable action will take place shortly. The concern of many Members of Congress is well-founded. We are confronted with a medical, psychological, and social problem that needs thorough understanding to combat it. I will continue in my efforts to gain greater understanding of the problem and to take appropriate actions that will be in the best interests of all parties involved.

I now insert into the RECORD the aforementioned editorial:

DRUG ABUSE LEGISLATION: SOLONS SHOWN ENLIGHTENED WAY

Congress has before it at last a bill with the potential to curb the increasing use of illicit drugs and narcotics. The new legislation, introduced simultaneously by Rep. Charles Wilson (D-Calif.) and Sen. Ralph Yarborough (D-Texas), emphasizes research, rehabilitation and education—in all an enlightened approach.

It avoids the pitfalls of a recent Nixon proposal that emphasizes law enforcement—a program that would be useless without thousands more policemen and an understanding judiciary to enforce it. Neither is a reality today.

Yet somehow the rehabilitation and enforcement goals must be met, and today's frustrations overcome. In introducing his "comprehensive bill," Rep. Wilson noted that "fully half of those now being arrested for drug use are under 21. Juvenile drug arrests rose 800% between 1961 and 1967. This evidence clearly points to the need for examining and attempting to understand the drug situation, rather than merely condemning it," he said.

We believe the Wilson-Yarborough bill begins to meet this need. Gardenians should be concerned about the legislation, for although it is being debated in Washington, the thrust of its programs would be in the nation's communities.

It would increase the research into the causes and cures of drug problems, offer incentive grants for community programs to treat and rehabilitate drug-dependent individuals, and attempt to educate a wide audience—particularly young people—to the dangers of drug abuse. The Secretary of Health, Education and Welfare would be authorized to control drugs that he finds are prone to abuse.

We suggest the addition of some other points to make the bill truly comprehensive. Some provisions should be amended into the bill obliging pharmaceutical houses to cease sending to Mexico the large quantities of pills that inevitably are smuggled back across the border. It is imperative that the United States and Mexican governments work out some solution to the traffic of drugs across the border. No legislation will be complete without such a provision.

Because of this legislation's own premise that research is a necessary prerequisite to action, we believe that marijuana should not be moved from the Internal Revenue Code and placed under control of the Food, Drug and Cosmetic Acts, as it suggests. That move needs the support of the very research that Wilson and Yarborough propose.

Finally, the supporters of this legislation, including 24 co-sponsors, must seek more bipartisan support. The bill has too much potential to be passed over because it only has Democratic support.

It has some proposals that will surprise the layman, because he would expect such common sense provisions to be law already.

It includes, for the first time, some means of evaluating the adequacy of existing state programs. It would extend enlightened California standards about rehabilitation to the nation. And it would officially acknowledge the need to study stimulants and depressants.

Like crime, the drug problem will not yield to one or two simple methods of attack. We applaud this effort to broaden the front of the battle.

MILITARY TECHNOLOGY AND NATIONAL SECURITY

HON. JEFFERY COHELAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. COHELAN. Mr. Speaker, due to an error, the article "Military Technology and National Security," by Herbert York, did not appear in the RECORD following my remarks on the floor yesterday. This article is of great importance and should be shared by all my colleagues. For this reason I am inserting it now and recommending it to the membership of the House:

MILITARY TECHNOLOGY AND NATIONAL SECURITY

(NOTE.—The ABM debate is analyzed in the context of a larger dilemma: the futility of searching for technological solutions to what is essentially a political problem.)

(By Herbert F. York)

The recent public hearings in the Senate and the House of Representatives on antiballistic-missile (ABM) systems have provided an unprecedented opportunity to expose to the people of this country and the world the inner workings of one of the dominant features of our time: the strategic arms race. Testimony has been given by a wide range of witnesses concerning the development and deployment of all kinds of offensive and defensive nuclear weapons; particular attention has been paid to the interaction between decisions in these matters and the dynamics of the arms race as a whole.

In my view the ABM issue is only a detail in a much larger problem: the feasibility of a purely technological approach to national security. What makes the ABM debate so important is that for the first time it has been possible to discuss a major aspect of this larger problem entirely in public. The reason for this is that nearly all the relevant facts about the proposed ABM systems either are already declassified or can easily be deduced from logical concepts that have never been classified. Thus it has been possible to consider in a particular case such questions as the following.

1. To what extent is the increasing complexity of modern weapons systems and the need for instant response causing strategic decision-making authority to pass from high political levels to low military-command levels, and from human beings to machines?

2. To what extent is the factor of secrecy combined with complexity leading to a steadily increasing dominance of military-oriented technicians in some vital areas of decision-making?

3. To what extent do increasing numbers of weapons and increasing complexity—in and of themselves—complicate and accelerate the arms race?

My own conclusion is that the ABM issue constitutes a particularly clear example of the futility of searching for technical solutions to what is essentially a political problem, namely the problem of national security. In support of this conclusion I propose in this article to review the recent history of the strategic arms race, to evaluate what the recent hearings and other public discussions have revealed about its present status and future prospects, and then to suggest what might be done now to deal with the problem of national security in a more rational manner.

The strategic arms race in its present form is a comparatively recent phenomenon. It began in the early 1950's, when it became evident that the state of the art in nuclear weaponry, rocket propulsion and missile guidance and control had reached the point in the U.S. where a strategically useful intercontinental ballistic missile (ICBM) could be built. At about the same time the fact that a major long-range-missile development program was in progress in the U.S.S.R. was confirmed. As a result of the confluence of these two events the tremendous U.S. long-range-missile program, which dominated the technological scene for more than a decade, was undertaken. The Air Force's Thor, Atlas and Titan programs and the Army's Jupiter program were started almost simultaneously; the Navy's Polaris program and the Air Force's Minuteman program were phased in just a few years later.

More or less at the same time the Army, which had had the responsibility for ground-

based air defense (including the Nike Ajax and Nike Hercules surface-to-air missiles, or SAM's), began to study the problem of how to intercept ICBM's, and soon afterward initiated the Nike Zeus program. This program was a straightforward attempt to use existing technology in the design of a nuclear-armed rocket for the purpose of intercepting an uncomplicated incoming warhead. The Air Force proposed more exotic solutions to the missile-defense problem, but these were subsequently absorbed into the Defender Program of the Department of Defense's Advanced Research Projects Agency (ARPA). The Defender Program included the study of designs more advanced than Nike Zeus, and it also incorporated a program of down-range measurements designed to find out what did in fact go on during the terminal phases of missile flight.

By 1960 indications that the Russians were taking the ABM prospect seriously, in addition to progress in our own Nike Zeus program, stimulated our offensive-missile designers into seriously studying the problem of how to penetrate missile defenses. Very quickly a host of "penetration aid" concepts came to light: light and heavy decoys, including balloons, tank fragments and objects resembling children's jacks; electronic countermeasures, including radar-reflecting clouds of the small wires called chaff; radar blackout by means of high-altitude nuclear explosions; tactics such as barrage, local exhaustion and "rollback" of the defense, and, most important insofar as the then unforeseen consequences were concerned, the notion of putting more than one warhead on one launch vehicle. At first this notion simply involved a "shotgun" technique, good only against large-area targets (cities), but it soon developed into what we now call MIRV's (multiple independently targeted reentry vehicles), which can in principle (and soon in practice) be used against smaller, harder targets such as missile silos, radars and command centers.

The avalanche of concepts forced the ABM designers to go back to the drawing board, and as a result the Nike-X concept was born in 1962. The Nike-X designers attempted to make use of more sophisticated and up-to-date technology in the design of a system that they hoped might be able to cope with a large, sophisticated attack. All through the mid-1960's a vigorous battle of defensive concepts and designs versus offensive concepts and designs took place. This battle was waged partly on the Pacific Missile Range but mostly on paper and in committee meetings. It took place generally in secret, although parts of it have been discussed in earlier articles in this magazine [see "National Security and the Nuclear-Test Ban," by Jerome B. Wiesner and Herbert F. York, October, 1964; "Anti-Ballistic-Missile Systems," by Richard L. Garwin and Hans A. Bethe, March, 1968; "The Dynamics of the Arms Race," by George W. Rathjens, April, 1969].

This intellectual battle culminated in a meeting that took place in the White House in January, 1967. In addition to President Johnson, Secretary of Defense Robert S. McNamara and the Joint Chiefs of Staff there were present all past and current Special Assistants to the President for Science and Technology (James R. Killian, Jr., George B. Kistiakowsky, Jerome B. Wiesner and Donald F. Hornig) and all past and current Directors of Defense Research and Engineering (Harold Brown, John S. Foster, Jr., and myself). We were asked that simple kind of question which must be answered after all the complicated ifs, ands and buts have been discussed: "Will it work?" The answer was no, and there was no dissent from that answer. The context, of course, was the Russian threat as it was then interpreted and forecast, and the current and projected state of our own ABM technology.

Later that year Secretary McNamara gave his famous San Francisco speech in which he reiterated his belief that we could not build an ABM system capable of protecting us from destruction in the event of a Russian attack. For the first time, however, he stated that he did believe we could build an ABM system able to cope with a hypothetical Chinese missile attack, which by definition would be "light" and uncomplicated. In recommending that we go ahead with a program to build what came to be known as the Sentinel system, he said that "there are marginal grounds for concluding that a light deployment of U.S. ABM's against this possibility is prudent." A few sentences later, however, he warned: "The danger in deploying this relatively light and reliable Chinese-oriented ABM system is going to be that pressures will develop to expand it into a heavy Soviet-oriented ABM system." The record makes it clear that he was quite right in this prediction.

Meanwhile the U.S.S.R. was going ahead with its own ABM program. The Russian program proceeded by fits and starts, and our understanding of it was, as might be supposed in such a situation, even more erratic. It is now generally agreed that the only ABM system the Russians have deployed is an area defense around Moscow much like our old Nike Zeus system. It appears to have virtually no capability against our offense, and it has been, as we shall see below, extremely counterproductive insofar as its goal of defending Moscow is concerned.

Development and deployment of offensive-weapons systems on both sides progressed rapidly during the 1960's, but rather than discuss these historically I shall go directly to the picture that the Administration has given of the present status and future projection of such forces.

Data recently presented by the Department of Defense show that the U.S. and U.S.S.R. are about even in numbers of intercontinental missiles, and that the U.S. is ahead in both long-range aircraft and submarines of the Polaris type. The small Russian missiles are mostly what we call SS-11's, which were described in the hearings as being roughly the equivalent of our Minutemen. The large Russian missile is what we call the SS-9. Deputy Secretary of Defense David Packard characterized its capability as one 20-megaton warhead or three five-megaton warheads. Our own missiles are almost entirely the smaller Minutemen. There currently remain only 54 of the larger Titans in our strategic forces. Not covered in the table are "extras" such as the U.S.S.R.'s FOBS (fractional orbital bombardment system) and IRBM's (intermediate-range ballistic missiles), nor the U.S.'s bombardment aircraft deployed on carriers and overseas bases in Europe and elsewhere. There are, of course, many important details that do not come out clearly in such a simple tabular presentation; these include payload capacity, warhead yield, number of warheads per missile and, often the most important, warhead accuracy.

In the area of defensive systems designed to cope with the offensive systems outlined above, both the U.S. and the U.S.S.R. have defenses against bombers that would probably be adequate against a prolonged attack using chemical explosives (where 10 percent attrition is enough) and almost certainly inadequate against a nuclear attack (where 10 percent penetration is enough). In addition the U.S.S.R. has its ineffective ABM deployment around Moscow, usually estimated as consisting of fewer than 100 antimissile missiles.

What all these complicated details add up to can be expressed in a single word: parity. This is clearly not numerical equality in the number of warheads or in the number of megatons or in the total "throw weight"; in fact, given different design approaches on

the two sides, simultaneous equality in these three figures is entirely impossible. It is, rather, parity with respect to strategic objectives; that is, in each case these forces are easily sufficient for deterrence and entirely insufficient for a successful preemptive strike. In the jargon of strategic studies either side would retain, after a massive "first strike" by the other, a sufficiently large "assured destruction capability" against the other in order to deter such a first from being made.

There is much argument about exactly what it takes in the way of "assured destruction capability" in order to deter, but even the most conservative strategic planners conclude that the threat of only a few hundred warheads exploding over population and industrial centers would be sufficient for the purpose. The large growing disparity between the number of warheads needed for the purpose and the number actually possessed by each side is what leads to the concept of "overkill." If present trends continue, in the future all or most missiles will be MIRVed, and so this overkill will be increased by perhaps another order of magnitude.

Here let me note that it is sometimes argued that there is a disparity in the present situation because Russian missile warheads are said to be bigger than U.S. warheads, both in weight and megatonnage; similarly, it is argued that MIRVing does not increase overkill because total yield is reduced in going from single to multiple warheads. This argument is based on the false notion that the individual MIRV warheads of the future will be "small" when measured against the purpose assigned to them. Against large, "soft" targets such as cities bombs very much smaller than those that could be used as components of MIRV's are (and in the case of Hiroshima were proved to be) entirely adequate for destroying the heart of a city and killing hundreds of thousands of people. Furthermore, in the case of small, "hard" targets such as missile silos, command posts and other military installations, having explosions bigger than those for which the "kill," or crater, radius slightly exceeds "circular error probable" (CEP) adds little to the probability of destroying such targets. Crater radius depends roughly on the cube root of the explosive power; consequently, if during the period when technology allows us to go from one to 10 warheads per missile it also allows us to improve accuracy by a little more than twofold, the "kill" per warhead will remain nearly the same in most cases, whereas the number of warheads increases tenfold.

In any case, it is fair to say that in spite of a number of such arguments about details, nearly everyone who testified at the ABM hearings agreed that the present situation is one in which each side possesses forces adequate to deter the other. In short, we now have parity in the only sense that ultimately counts.

Several forecasts have been made of what the strategic-weapons situation will be in the mid-1970's. In most respects here again there is quite general agreement. Part of the presentation by Deputy Secretary Packard to the Senate Foreign Relations Committee on March 26 were two graphs showing the trends in numbers of deployed offensive missiles beginning in 1965 and extending to 1975. There is no serious debate about the basic features of these graphs. It is agreed by all that in the recent past the U.S. has been far ahead of the U.S.S.R. in all areas, and that the Russians began a rapid deployment program a few years ago that will bring them even with us in ICBM's quite soon and that, if extended ahead without any slowdown, would bring them even in submarine-launched ballistic missiles (SLBM's) sometime between 1971 and 1977.

One important factor that the Department of Defense omitted from its graphs is MIRV.

Deployment plans for MIRV's have not been released by either the U.S. or the U.S.S.R., although various rough projections were made at the hearings about numbers of warheads per vehicle (three to 10), about accuracies (figures around half a mile were often mentioned, and it was implied that U.S. accuracies were better than Russian ones) and about development status (the U.S. was said to be ahead in developments in this field). A pair of charts emphasizing the impact of MIRV was prepared by the staff of the Senate Foreign Relations Committee.

One could argue with both of these sets of charts. For example, one might wonder why the Senate charts show so few warheads on the Russian Polaris-type submarine and why they show only three MIRV's on U.S. Minutemen; on the other hand, one might wonder whether the Department of Defense's projected buildup of the Russian Polaris fleet could be that fast, or whether one should count the older Russian missile submarines. Nonetheless, the general picture presented cannot be far wrong. Moreover, the central arguments pursued throughout the ABM hearings (in both the Senate Foreign Relations Committee hearings in March and the Senate Armed Services Committee hearings in April) were not primarily concerned with these numerical matters. Rather, they were concerned with (1) Secretary of Defense Melvin R. Laird's interpretation of these numbers insofar as Russian intentions were concerned, (2) the validity of the Safeguard ABM system as a response to the purported strategic problems of the 1970's and (3) the arms-race implications of Safeguard.

As for the matter of intentions, those favoring the ABM concept generally held that the only "rational" explanation of the Russians' recent SS-9 buildup, coupled with their multiple-warhead development program and the Moscow ABM system, was that they were aiming for a first-strike capability. One must admit that almost anything is conceivable as far as intentions are concerned, but there certainly are simpler, and it seems to me much more likely, explanations. The simplest of all is contained in Deputy Secretary Packard's chart. The most surprising feature of this chart is the fact that the Russians were evidently satisfied with being such a poor second for such a long time. This is made more puzzling by the fact that all during this period U.S. defense officials found it necessary to boast about how far ahead we were in order to be able to resist internal pressures for still greater expansion of our offensive forces.

Another possible reason, and one that I believe added to the other in the minds of the Russian planners, was that their strategists concluded in the mid-1960's that, whatever the top officials here might say, certain elements would eventually succeed in getting a large-scale ABM system built, and that penetration-aid devices, including multiple warheads, would be needed to meet the challenge. Whether or not they were correct in this latter hypothetical analysis is still uncertain at this writing. Let us, however, pass on from this question of someone else's intentions and consider whether or not the proposed Safeguard ABM system is a valid, rational and necessary response to the Russian deployments and developments outlined above.

To many of those who have recently written favorably about ABM defenses or who have testified in their favor before the Congressional committees, Safeguard is supported mainly as a prototype of something else: a "thick" defense of the U.S. against a massive Russian missile attack. This is clearly not at all the rationale for the Safeguard decision as presented by President Nixon in his press conference of March 14, nor is it implied as more than a dividend in the defense secretaries' testimony. The President said that he wanted a system that would protect a part of our Minuteman force in order to increase

the credibility of our deterrent, and that he had overruled moving in the direction of a massive city defense because "even starting with a thin system and then going to a heavy system tends to be more provocative in terms of making credible a first-strike capability against the Soviet Union. I want no provocation which might deter arms talks." The top civilian defense officials give this same rationale, although they put a little more emphasis on the "prototype" and "growth potential" aspects of the system. For simplicity and clarity I shall focus on the Administration's proposal, as stated in open session by responsible officials.

From a technical point of view and as far as components are concerned, President Nixon's Safeguard system of today is very little different from President Johnson's Sentinel system. There are only minor changes in the location of certain components (away from cities), and elements have been added to some of the radars so that they can now observe submarine-launched missiles coming from directions other than directly from the U.S.S.R. and China. As before, the system consists of a long-range interceptor carrying a large nuclear weapon (Spartan), a fast short-range interceptor carrying a small nuclear weapon (Sprint), two types of radar (perimeter acquisition radar, or PAR, and missile-site radar, or MSR), a computer for directing the battle, and a command and control system for integrating Safeguard with the national command. I shall not describe the equipment in detail at this point but pass on directly to what I believe can be concluded from the hearings and other public sources about each of the following four major questions: (1) Assuming that Safeguard could protect Minuteman, is it needed to protect our deterrent? (2) Assuming that Safeguard "works," can it in fact safeguard Minuteman? (3) Will it work? (4) Anyway, what harm can it do?

First: Assuming that Safeguard could protect Minuteman, is it needed to protect our deterrent?

Perhaps the clearest explanation of why the answer to this first question is "no" was given by Wolfgang K. H. Panofsky before the Senate Armed Services Committee on April 22. He described how the deterrent consists of three main components: Polaris submarines, bombers and land-based ICBM's. Each of these components alone is capable of delivering far more warheads than is actually needed for deterrence, and each is currently defended against surprise destruction in a quite different way. ICBM's are in hard silos and are numerous. Polaris are hidden in the seas. Bombers can be placed on various levels of alert and can be dispersed.

Since the warning time in the case of an ICBM attack is generally taken as being about 30 minutes, the people who believe the deterrent may be in serious danger usually imagine that the bombers are attacked by missile submarines, and therefore have only a 15-minute warning. This is important because a 30-minute warning gives the bombers ample time to get off the ground. In that case, however, an attack on all three components cannot be made simultaneously; that is, if the attacking weapons are launched simultaneously, they cannot arrive simultaneously, and vice versa.

Thus it is incredible that all three of our deterrent systems could become vulnerable in the same time period, and it is doubly incredible that we could not know that this would happen without sufficient notice so that we could do something about it. There is, therefore, no basis for a frantic reaction to the hypothetical Russian threat to Minuteman. Still, it is sensible and prudent to begin thinking about the problem, and so we turn to the other questions. We must consider these questions in the technological framework of the mid-1970's, and we shall do this now in the way defense officials cur-

rently seem to favor: by assuming that this is the best of all possible technological worlds, that everything works as intended and that direct extrapolation of current capabilities are valid.

Second: Assuming that Safeguard "works," can it in fact safeguard Minuteman?

One good approach to this problem is the one used by George W. Rathjens in his testimony before the Senate Armed Services Committee on April 23. His analysis took as a basis of calculation the implication in Secretary Laird's testimony that the Minuteman force may become seriously imperiled in the mid-1970's. Rathjens then estimated how many SS-9's would have to be deployed at that time in order to achieve this result. From this number, the estimate of the current number of SS-9's deployed, he got a rate of deployment. He also had to make an assumption about how many Sprints and Spartans would be deployed at that time, and his estimates were based on the first phase of Safeguard deployment. These last numbers have not been released, but a range of reasonable values can be guessed from the cost estimates given. Assuming that the SS-9's would have four or five MIRV warheads each by that time, Rathjens found that by prolonging the SS-9 production program by a few months the Russians would be able to cope with Safeguard by simply exhausting it and would still have enough warheads left to imperil Minuteman, if that is indeed their intention.

The length of this short safe period does depend on the numbers used in the calculations, and they of course can be disputed to a degree. Thus if one assumes that it takes fewer Russian warheads to imperil Minuteman (it can't be less than one for one!), then the assumed deployment rate is lower and the safe period is lengthened; on the other hand, if one notes that the missile-site radars in our system are much softer than even today's silos, then the first attacking warheads, fired directly at the radars, can be smaller and less accurate, so that a higher degree of MIRVing can be used for attacking these radars and a shorter safer period results. To go further, it was suggested that the accuracy/yield combination of the more numerous SS-11's might be sufficient for attacking the missile-site radars, and therefore, if the Russians were to elect such an option, there would be no safe period at all. In short, the most that Safeguard can do is either delay somewhat the date when Minuteman would be imperiled or cause the attacker to build up his forces at a somewhat higher rate if indeed imperiling Minuteman by a fixed date is his purpose.

In the more general case this problem is often discussed in budgetary terms, and the "cost-exchange ratio" between offense and defense is computed for a wide variety of specific types of weapon. Such calculations give a wide variety of results, and there is much argument about them. However, even using current offense designs (that is, without MIRV), such calculations usually strongly favor the offense. This exchange ratio varies almost linearly with the degree of MIRVing of the offensive missiles, and therefore it seems to me that in the ideal technological future we have taken as our context this exchange ratio will still more strongly favor the offense.

Third: Will it work? By this question I mean: Will operational units be able to intercept enemy warheads accompanied by enemy penetration aids in an atmosphere of total astonishment and uncertainty? I do not mean: Will test equipment and test crews intercept U.S. warheads accompanied by U.S. penetration aids in a contrived atmosphere? A positive answer to the latter question is a necessary condition for obtaining a positive answer to the former, but it's by no stretch of the imagination a sufficient condition.

This basic question has been attacked from two quite different angles: by examining historical analogies and by examining the technical elements of the problem in detail. I shall touch on both here. Design-oriented people who consider this a purely technical question emphasize the second approach. I believe the question is by no means a purely technical question, and I suggest that the historical-analogy approach is more promising, albeit much more difficult to use correctly.

False analogies are common in this argument. We find that some say: "You can't tell me that if we can put a man on the moon we can't build an ABM." Others say: "That's what Oppenheimer told us about the hydrogen bomb." These two statements contain the same basic error. They are examples of successes in a contest between technology and nature, whereas the ABM issue involves a contest between two technologies: offensive weapons and penetration aids versus defensive weapons and discrimination techniques. These analogies would be more pertinent if, in the first case, someone were to jerk the moon away just before the astronauts landed, or if, in the second case, nature were to keep changing the nuclear-reaction probabilities all during the development of the hydrogen bomb and once again after it was deployed.

Proper historical analogies should involve modern high-technology defense systems that have actually been installed and used in combat. If one examines the record of such systems, one finds that they do often produce some attrition of the offense, but not nearly enough to be of use against a nuclear attack. The most up-to-date example is provided by the Russian SAM's and other air-defense equipment deployed in North Vietnam. This system "works" after a fashion because both the equipment designers and the operating crews have had plenty of opportunities to practice against real U.S. targets equipped with real U.S. countermeasures and employing real U.S. tactics.

The best example of a U.S. system is somewhat older, but I believe it is still relevant. It is the SAGE system, a complex air-defense system designed in the early 1950's. All the components worked on the test range, but by 1960 we came to realize, even without combat testing, that SAGE could not really cope with the offense that was then coming into being. We thereupon greatly curtailed and modified our plans, although we did continue with some parts of the system. To quote from the recent report on the ABM decision prepared by Wiesner, Abram Chayes and others: "Still, after fifteen years, and the expenditure of more than \$20 billion, it is generally conceded that we do not have a significant capability to defend ourselves against a well planned air attack. The Soviet Union, after even greater effort, has probably not done much better."

So much for analogies; let us turn to the Safeguard system itself. Doubts about its being able to work were raised during the public hearings on a variety of grounds, some of which are as follows:

First, and perhaps foremost, there is the remarkable fact that the new Safeguard system and the old Sentinel system use virtually the same hardware deployed in a very similar manner, and yet they have entirely different primary purposes. Sentinel had as its purpose defending large soft targets against the so-called Chinese threat. The Chinese threat by definition involved virtually no sophisticated penetration aids and no possibilities of exhausting the defense; thus were "solved" two of the most difficult problems that had eliminated Nike Zeus and Nike-X.

Safeguard has as its primary purpose defending a part of the Minuteman force against a Russian attack. It is not credible that a Russian attack against the part of the

Minuteman force so defended would be other than massive and sophisticated, so that we are virtually right back to trying to do what in 1967 we said we could not do, and we are trying to do it with no real change in the missiles or the radars. It is true that defending hard points is to a degree easier than defending cities because interception can be accomplished later and at lower altitudes, thus giving discrimination techniques more time to work. Moreover, only those objects headed for specific small areas must be intercepted. These factors do make the problem somewhat easier, but they do not insure its solution, and plenty of room for doubt remains.

Second, there is the contest between penetration aids and discrimination techniques. This was discussed at length by Garwin and Bethe in their March 1968 article in *Scientific American* and mentioned also in varying degrees of detail by many of those who testified recently concerning the ABM issue. The Russian physicist Andrei D. Sakharov, in his essay "Thoughts on Progress, Coexistence and Intellectual Freedom," put the issue this way: "Improvements in the resistance of warheads to shock waves and the radiation effects of neutron and X-ray exposure, the possibility of mass use of relatively light and inexpensive decoys that are virtually indistinguishable from warheads and exhaust the capabilities of an antimissile defense system, a perfection of tactics of massed and concentrated attacks, in time and space, that overstrain the defense detection centers, the use of orbital and fractional-orbital attacks, the use of active and passive jamming and other methods not disclosed in the press—all of this has created technical and economic obstacles to an effective missile defense that, at the present time, are virtually insurmountable."

I would add only MIRV to Sakharov's list. Pitted against this plethora of penetration aids are various observational methods designed to discriminate the real warheads. Some of the penetration devices obviously work only at high altitudes, but even these make it necessary for the final "sorting" to be delayed, and thus they still contribute to making the defense problem harder. Other devices can continue to confuse the defense even down to low altitudes. Some of the problems the offense presents to the defense can no doubt be solved (and have been solved) when considered separately and in isolation. That is, they can be solved for a time, until the offense designers react. One must have serious reservations, however, whether these problems can ever be solved for any long period in the complex combinations that even a modestly sophisticated attacker can present. Further, such a contest could result in a catastrophic failure of the system in which all or nearly all interceptions fail.

Third, there is the unquantifiable difference between the test range and the real world. The extraordinary efforts of the Air Force to test operationally deployed Minutemen show that it too regards this as an important problem. Moreover, the tests to date do seem to have revealed important weaknesses in the deployed forces. The problem has many aspects: the possible differences between test equipment and deployed equipment; the certain differences between the offensive warheads and penetration aids supplied by us as test targets and the corresponding equipment and tactics the defense must ultimately be prepared to face; the differences between the installation crews at a test site and at a deployment site; the differences in attitudes and motivation between a test crew and an operational crew (even if it is composed of the same men); the differences between men and equipment that have recently been made ready and whom everyone is watching and men and equipment that have been standing ready for years

during which nothing happened; the differences between the emotional atmosphere where everyone knows it is not "for real" and the emotional atmosphere where no one can believe what he has just been told. It may be that all that enormously complex equipment will be ready to work the very first time it must "for real," and it may be that all those thousands of human beings have performed all their interlocking assignments correctly, but I have very substantial doubts about it.

Fourth, there is the closely related "hair-trigger/stiff-trigger" contradiction. Any active defense system such as Safeguard must sit in readiness for two or four or eight years and then fire at precisely the correct second following a warning time of only minutes. Furthermore, the precision needed for the firing time is so fine that machines must be used to choose the exact instant of firing no matter how the decision to fire is made. In the case of offensive missiles the situation is different in an essential way: Although maintaining readiness throughout a long, indefinite period is necessary, the moment of firing is not so precisely controlled in general and hence human decision-makers, including even those at high levels, may readily be permitted to play a part in the decision-making process. Thus if we wish to be certain that the defense will respond under conditions of surprise, the trigger of the ABM system, unlike the triggers of the ICBM's and Polaris, must be continuously sensitive and ready—in short, a hair trigger—for indefinitely long periods of time.

On the other hand, it is obvious that we cannot afford to have an ABM missile fire by mistake or in response to a false alarm. Indeed, the Army went to some pains to assure residents of areas near proposed Sentinel sites that it was imposing requirements to ensure against the accidental launching of the missile and the subsequent detonation of the nuclear warhead it carries. Moreover, Army officials have assured the public that no ABM missiles would ever be launched without the specific approval of "very high authorities."

These two requirements—a hair trigger so that the system can cope with a surprise attack and a stiff trigger so that it will never go off accidentally or without proper authorization—are, I believe, contradictory requirements. In saying this I am not expressing doubt about the stated intentions of the present Army leaders, and I strongly endorse the restrictions implied in their statements. I am saying, however, that if the system cannot be fired without approval of "the highest authorities," then the probability of its being fired under conditions of surprise is less than it would be otherwise. This probability depends to a degree on the highly classified technical details of the Command and Control System, but in the last analysis it depends more on the fact that "the highest authority" is a human being and therefore subject to all the failures and foibles pertaining thereto.

This brings us to our fourth principal question: Anyway, what harm can it do?

We have just found that the total deterrent is very probably not in peril, that the Safeguard system probably cannot safeguard Minutemen even if it "works," that there is, to say the least, considerable uncertainty whether or not it will "work." Nonetheless, if there were no harm in it, we might be prudent and follow the basic motto of the arms race: "Let us err on the side of military safety." There seem to be many answers to the question of what harm building an ABM system would do. First of all, such a system would cost large sums of money needed for nondefense purposes. Second, it would divert money and attention from what may be better military solutions to the strategic problems posed by the Administration. Third, it would intensify the arms race. All these

considerations were discussed at the hearings; I shall comment here only on the third, the arms-race implications of the ABM decision.

It is often said that an ABM system is not an accelerating element in the arms race because it is intrinsically defensive. For example, during the hearings Senator Henry M. Jackson of Washington, surely one of the best-informed senators in this field, said essentially that, and he quoted Premier Kosygin as having said the same thing. I believe such a notion is in error and is based on what we may call "the fallacy of the last move." I believe that in the real world of constant change in both the technology and the deployed numbers of all kinds of strategic-weapons systems, ABM systems are accelerating elements in the arms race. In support of this view let us recall one of the features of the history recited at the start of this article.

At the beginning of this decade we began to hear about a possible Russian ABM system, and we became concerned about its potential effects on our ICBM and Polaris systems. In response the MIRV concept was invented. Today there are additional justifications for MIRV besides penetration, but that is how it started. Now, the possibility of a Russian MIRV is used as one of the main arguments in support of the Safeguard system. Thus we have come one full turn around the arms-race spiral. No one in 1960 and 1961 thought through the potential destabilizing effects of multiple warheads, and certainly no one predicted, or even could have predicted, that the inexorable logic of the arms race could carry us directly from Russian talk in 1960 about defending Moscow against missiles to a requirement for hard-point defense of offensive-missile sites in the U.S. in 1969.

By the same token I am sure the Russians did not foresee the large increase in deployed U.S. warheads that will ultimately result from their ABM deployment and that made it so counterproductive. Similarly, no one today can describe in detail the chain reaction the Safeguard deployment would lead to, but it is easy to see the seeds of a future acceleration of the arms race in the Nixon Administration's Safeguard proposal. Soon after Safeguard is started (let us assume for now that it will be) Russian offense planners are going to look at it and say something such as: "It may not work, but we must be prudent and assume it will." They may then plan further deployments, or more complex penetration systems, or maybe they will go to more dangerous systems such as bombs in orbit. A little later, when some of our optimistic statements about how "it will do the job it is supposed to do" have become part of history, our strategic planners are going to look at Safeguard and say something such as: "Maybe it will work as they said, but we must be prudent and assume it will not and besides, now look at what the Russians are doing."

This approach to strategic thinking, known in the trade as "worst-case analysis," leads to a completely hopeless situation in which there is no possibility of achieving a state of affairs that both sides would consider as constituting parity. Unless the arms race is stopped by political action outside the two defense establishments, I feel reasonably sure there will be another "crash program" response analogous to what we had in the days of the "missile gap"—a situation some would like to see repeated.

I also mentioned in my own testimony at the ABM hearings that "we may further expect deployment of these ABM systems to lead to the persistent query 'But how do you know it really works?' and thus to increase the pressures against the current limited nuclear-test ban as well as to work against amplifying it." I mentioned this then, and I mention it again now, in the hope that it will become a self-defeating pre-

diction. It is also important to note that the response of our own defense establishment to the Russian ABM deployment, which I have outlined above, was not the result of our being "provoked," and I emphasize this because we hear so much discussion about what is a "provocative" move and what is not. Rather, our response was motivated by a deep-seated belief that the only appropriate response to any new technical development on the other side is further technical complexity of our own. The arms race is not so much a series of political provocations followed by hot emotional reactions as it is a series of technical challenges followed by cool, calculated responses in the form of ever more costly, more complex and more fully automatic devices. I believe this endless, seemingly uncontrollable process was one of the principal factors President Eisenhower had in mind when he made his other (usually forgotten) warning: "We must be alert to the . . . danger that public policy could itself become the captive of a scientific-technological elite." He placed this other warning, also from his farewell address, on the same level as the much more familiar comment about the military-industrial complex.

Several alternative approaches to Safeguard for protecting Minuteman have been discussed recently. These include superhardening, proliferation, a "shell game" in which there are more silos than missiles, and land-mobile missiles. Although I was personally hopeful before the hearings that at least one of these approaches would maintain its invulnerability, a review of the recent debates leaves me now with the pessimistic view that none of them holds much promise beyond the next 10 years.

Silo-hardening most probably does work now, in the sense that the combination of SS-11 accuracy and yield and Minuteman silo-hardening works out in such a way that one incoming warhead (and hence one SS-11 missile) has less than a 50-50 chance of destroying a Minuteman. If one considers the technological trends in hardening, yield per unit weight, MIRVing and accuracy, however, it does seem convincing that this is a game in which the offense eventually will win. Albert Wohlstetter, testifying in favor of the Safeguard system before the Senate Armed Services Committee, quoted a paper he wrote with Fred Hoffman in 1954 (long before any ICBM's were actually in place anywhere) predicting that the ability of silo-hardening to protect offensive missiles would run out by the end of the 1960's. That was a remarkably prescient study and is wrong only in numerical detail.

If we take the same rosy view of technology that was taken in almost all the pro-ABM arguments, then hardening will not work for more than another five years. My own view of the technological future is clearly much less rosy, but I do believe that the situation in which hardening is no longer the answer could come by, say, 1980 or, more appropriately, 1984.

Proliferation of Minuteman would have worked in the absence of MIRV. Now, however, it would seem that the ability to MIRV, which no doubt can eventually be carried much further than the fewfold MIRV we see for the immediate future, clearly makes proliferation a losing game as well as the dangerous one it always was.

The "shell game" has not in my view been analyzed in satisfactory detail, but it would appear to have a serious destabilizing effect on the arms race. Schemes have been suggested for verifying that a certain fraction of the missile holes are in fact empty, but one can foresee a growing and persistent belief on each side that the "other missiles" must be hidden somewhere.

Road-mobile and rail-mobile versions of Minuteman have been seriously studied for well over a decade. These ideas have always foundered on two basic difficulties: (1) Such systems are inherently soft and hence can be

attacked by large warheads without precise knowledge of where they are, and (2) railroads and highways all pass through population centers, and large political and social problems seem unavoidable.

Where does all this leave us insofar as finding a technical solution for protecting Minuteman is concerned? One and only one technically viable solution seems to have emerged for the long run: Launch on warning. Such an idea has been considered seriously by some politicians, some technical men and some military officers. Launch on warning could either be managed entirely by automatic devices, or the command and control system could be such as to require authorization to launch by some very high human authority.

In the case of the first alternative, people who think about such things envision a system consisting of probably two types of detection device that could, in principle, determine that a massive launch had been made and then somewhat later determine that such a launch consisted of multiple warheads aimed at our missile-silo fields. This information would be processed by a computer, which would then launch the Minutemen so that the incoming missiles would find only empty holes; consequently the Minutemen would be able to carry out their mission of revenge. Thus the steady advance of arms technology may not be leading us to the ultimate weapon but rather to the ultimate absurdity: a completely automatic system for deciding whether or not doomsday has arrived.

To me such an approach to the problem is politically and morally unacceptable, and if it really is the only approach, then clearly we have been considering the wrong problem. Instead of asking how Minutemen can be protected, we should be asking what the alternatives to Minuteman are. Evidently most other people also find such an idea unacceptable. As I mentioned above, the Army has found it necessary to reassure people repeatedly that ABM missiles would not be launched with approval by "the highest authorities," even though this is clearly a far less serious matter in the case of the ABM missiles than in the case of Minuteman.

The alternative is to require that a human decision-maker, at the level of "the highest authorities," be introduced into the decision-making loop. But is this really satisfactory? We would be asking that a human being make, in just a few minutes, a decision to utterly destroy another country. (After all, there would be no point in firing at their empty silos.) If, for any reason whatever, he was responding to a false alarm, or to some kind of smaller, perhaps "accidental," attack, he would be ensuring that a massive deliberate attack on us would take place moments later. Considering the shortness of the time, the complexity of the information and the awesomeness of the moment, the President would himself have to be properly preprogrammed in order to make such a decision.

Those who argue that the Command and Control System is perfect or perfectable forget that human beings are not. If forced to choose, I would prefer a preprogrammed President to a computer when it came to deciding whether or not doomsday had arrived, but again I feel that this solution too is really unacceptable, and that once again, in attempting to defend Minuteman, we are simply dealing with the wrong problem. For the present it would seem the Polarises and the bombers are not, as systems, subject to the same objections, since there are now enough other approaches to the problem of ensuring their invulnerability to sudden massive destruction.

In my view, all the above once again confirms the utter futility of attempting to achieve national security through military

technology alone. We must look elsewhere. Fortunately an opportunity does seem to be in the offing. There appears to be real promise that serious strategic-arms-limitation talks will begin soon. The time is propitious. There is in the land a fairly widespread doubt about the strictly military approach to security problems, and even military-minded politicians are genuinely interested in exploring other possibilities. The essay by Academician Sakharov, as well as the statements of Russian officials, indicate genuine interest on the other side. The time is propitious in another sense: both sides will be discussing the matter from a position of parity. Moreover, this parity seems reasonably stable and likely to endure for several years.

Later, however, major deployments of sophisticated ABM systems and, even more important, widespread conversion of present single-warhead systems to MIRV will be strongly destabilizing and will at least give the impression that parity is about to be upset. If so, the motto of the arms race, "Let us err on the side of military safety," will come to dominate the scene on both sides and the present opportunity will be lost. Therefore in the short run we must do everything possible to ensure that the talks not only start but also succeed. Although the ABM decision may not forestall the talks, it would seem that success will be more likely if we avoid starting things that history has shown are difficult to stop once they are started.

Such things surely include deployment of ABM missiles and MIRV's. There have been successes in stopping programs while they were in the development phase, but seldom has anything been stopped after deployment had started. The idea of a freeze on deployment of new weapons systems at this time and for these reasons is fairly widespread already, but achieving it will require concerted action by those believing strongly in the validity and necessity of arms limitations as a means of increasing national security. Thus the principal result of the recent national debate over the ABM issue has been to make it clear that Safeguard will safeguard nothing, and that the right step for the immediate future is doing whatever is necessary (such as freezing present deployments and developments) to ensure the success of the coming strategic-arms-limitation talks.

In addition, the ABM debate has served to highlight more serious issues (for example the implications of MIRV for the arms race) and to raise serious questions about other weapons systems. For instance, I suggest that we have also found that silo-based missiles will become obsolete. The only sure method for defense of Minuteman beyond, say, the mid-1970's seems to be the unacceptable launch on warning. As long as we must have a strategic deterrent, we must find one that does not force us to turn the final decision over to either a computer or a preprogrammed President. Minuteman was conceived in the 1950's and served its purpose as a deterrent through the 1960's, but it appears that in the 1970's its threat to us will exceed its value, and that it and other silo-based missiles will have to go. The deterrent must have alternatives other than "go/no-go," and for the 1970's at least it would now appear that other strategic weapons (Polaris/Poseidon and bombers) could provide them. I expect, however, that as the continuing national debate subjects the whole matter of strategic arms to further public scrutiny we shall learn that these other alternatives also have dangerous flaws, and we shall see confirmed the idea that there is no technical solution to the dilemma of the steady decrease in our national security that has for more than 20 years accompanied the steady increase in our military power.

A MARINE REPLIES FROM VIETNAM

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. RARICK. Mr. Speaker, Cpl. D. J. Welsh, a Louisianian from my district, presently serving in the U.S. Marine Corps on his third tour of duty in Vietnam writes to us:

Of all the people those of us serving in Vietnam want to see the war end, but not until the job is done. Communism has to be stopped somewhere. Why not right here and right now? Communism is like a disease and if left unchecked, it will spread until all else is wiped out. We are fighting not just for South Vietnam but for our own way of life as well. If we give in now, we'll be just one step closer to making a well-known Communist statement a fact. Those infamous words are "We will bury you." It's up to us whether they do or not.

Certainly Corporal Welsh's letter home is a refreshing change from the usual diatribes that are being spewed out by many who have not been there, will not go, do not know what it is all about, and have a closed mind on learning the truth.

Seldom do we hear from our men on the front line and when we do their credibility far exceeds that of the "better-Red-than-dead" crowd.

I include Corporal Welsh's letter, as follows:

[From the State-Times, Sept. 24, 1969]

EDITOR, STATE-TIMES:

My name is Darrel Welsh and my home is in Baton Rouge. I've been in the Marine Corps for three years now and I plan on continuing my education when I come home next June.

I want to let people at home know why I'm glad and proud to be where I am. I hope that maybe this letter could be printed in your paper. I'm not a politician, only a Marine in Vietnam doing his small share, but I have eyes and ears and I want to pass on a few of my impressions of the situation here. This way I can answer many people without getting angry at any one person for some of the ridiculous questions that I have been asked or for statements that have been made because I volunteered for duty in Vietnam.

I have started to write a number of times before but just let it go instead. However, the latest offensive changed my mind. Two fellow Marines died and 14 were wounded in a five minute rocket attack and I do not want to believe that they died in vain. As I was running for a bunker, only my own safety was in mind. However, once inside, my thoughts were varied but something that all too often seems like a popular pastime in the United States came to my mind. I'm talking of the current generation of demonstrators and protesters. Of course, some of what I say is only opinion, but some of it is undeniably fact. I will say, however, that I know many Marines who feel the same as I do.

I am now in Vietnam for the third time. I asked to come back and all too many people had questions for me too. Questions like: Do you like it over there? Are you crazy? I am here because I want to be, not because I'm crazy or because I like it here. Many people question our involvement in Vietnam and in some ways rightly so. Yet many protest for the sake of protesting or because they don't really know what it's like outside their own limited environment. If they knew, they might try to do something useful instead of sign carrying or shouting insults.

Vietnam has taught me that it's not enough to reap the benefits of the American way of life without also putting something into it, just because one is lucky enough to be born an American . . . and believe me we are lucky to be American! By the same token, why should someone have to live under Communist domination just because he or she was born in Vietnam, China, North Korea or any of the other Asian nations?

Do all these protesters really know the score? Do they know what it's like to live in a filthy, rat and bug-infested thatched hut, a hut that leaks when it rains, has no air-conditioning or heating, no plumbing and only a bamboo bed and a wooden table or two for furniture? Have they had their teeth rot out because proper care wasn't available? Have the women had to give birth to their own babies and watch them die of disease or malnutrition because there was no doctor or they couldn't pay transportation fares, let alone medical fees? Do their families and friends get tortured and murdered because they don't politically or morally agree with someone else? I don't think so!

Of all people surely those of us serving in Vietnam want to see the war end, but not until the job is done. Communism has to be stopped somewhere. Why not right here and right now? Communism is like a disease and if left unchecked it will spread until all else is wiped out. We are fighting not just for South Vietnam but for our own way of life as well. If we give in now, we'll be just one step closer to making a well known Communist statement a fact. Those infamous words are "We will bury you." It's up to us whether they do or not.

D. J. WELSH,

Corporal, U.S. Marine Corps.

FREEDOM FROM HUNGER

HON. JOHN V. TUNNEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. TUNNEY. Mr. Speaker, Mr. Lionel Steinberg, a constituent of mine, and an outstanding authority on agricultural matters in the State of California and the Nation, made a speech on freedom from hunger before the State Board of Agriculture in Sacramento earlier this year. While the speech was delivered several months ago, its importance is in no way diminished by the passage of time. Mr. Steinberg's appeal merits the attention of all concerned Americans and I am placing it in the CONGRESSIONAL RECORD so that my colleagues may have the opportunity to read it.

FREEDOM FROM HUNGER

(By Lionel Steinberg)

I shall speak today on the growing concern about the vast increase in armament by the East and West and the effect it is having on the hungry people of the world.

It was heartening to hear in the Inaugural Address of our new President, some encouraging words about his desire for peace, and his interest in the hungry peoples of the world. He said, "For the first time, because the people of the world want peace and the leaders of the world are afraid of war, the times are on the side of peace. The greatest honor history can bestow is the title of peacemaker. This honor now beckons America; the chance to help lead the world at last out of the valley of turmoil and onto

that high ground of peace that man has dreamed of since the dawn of civilization. If we succeed, generations to come will say of us now living that we mastered our moment—that we helped make the world safe for mankind.

"This is our summons to greatness. And I believe American people are ready to answer this call.

"Standing in this same place a third of a century ago, Franklin Delano Roosevelt addressed a nation ravaged by depression, gripped in fear. He could say, in surveying the nation's troubles: 'They concern, thank God, only material things.'

"Our crisis today is in reverse. We find ourselves rich in goods, but ragged in spirit; reaching with magnificent precision for the moon, but falling into raucous discord on earth.

"We are caught in war, wanting peace. We are torn by division, wanting unity. We see around us empty lives, wanting fulfillment. We see tasks that need doing, waiting for hands to do them.

"To a crisis of the spirit we need an answer of the spirit. And to find that answer we need only look within ourselves."

The U.S. Arms Control and Disarmament Agency estimates that world military outlays since 1900 have totaled \$4,000 billion. If recent rate of increase in the arms race continues, the world will manage to spend another \$4,000 billion in just the next decade ahead. The peace loving nations of the world spent more than \$182 billion last year on arms.

Despite these huge expenditures, recent reports indicate that the United States has enough nerve gas to kill 100 billion persons—or thirty times the world population; and enough atomic weapons for the equivalent of 100 tons TNT per capita. The Soviet Union is similarly endowed.

We are spending for arms, 45 times what we are spending for economic aid. And, the United States now ranks sixth in the world in the amount of economic assistance we give, based upon our national income.

In other words, at the same time arms expenditures have gone up, our expenditures for aid to the less developed nations have gone down.

As some of the members of this Board may know, I have been a National Trustee of the American Freedom from Hunger Foundation for nearly eight years. The Freedom from Hunger Foundation is affiliated with the United Nations Food and Agriculture Organization, and its goals have been threefold:

1. To arouse world interest in the problems of hunger.
2. To conduct research, and to deal with the cause and effect of world hunger.
3. To commence an action program of information, food production, and expansion of nutrition in the less developed nations.

In my last report to this body, I stated that—"It's '1776' all over the world," and that—"Communism is not the last hurdle to continuous peace." I stated that—"world chaos would continue throughout the remaining years of this Century even if all the remaining Communists in the world were to suddenly and unaccountably drop dead."

World revolutions are the sign of the times.

Two-thirds of the people of the world go to bed hungry every night of their lives. Some two billion of them live on less than one hundred dollars each year. In fact, most of the world's people suffer from conditions which are the basis of the greatest revolution in history: Hunger, poverty, disease, the pressure of increasing population, limited supplies of food, foreign exploitation, the exploitation of natural resources for quick profits, colonialism, bondage, absentee ownership of most of the land, corruption of officials, oppressive taxation, no access to capital, disastrous interest rates, no freedom of

speech, no freedom of press, no freedom of assembly, no right to vote or hold office.

Last fall Lord Snow gave an address at Westminster College, Fulton, Missouri. He referred to the present condition of the World as literally in a "state of siege". He asks—"What is going wrong with us?"

Among philosophical thinkers, the world's dooms-day clock still reads—"11:52", with a few moments left before famine reaches serious proportions among two billion people who inhabit the southern hemisphere of the globe.

Raymond Ewell, of Population Bulletin forecasts famine for India, Pakistan and China in the early 1970's, followed by Indonesia, Iran, Turkey, Egypt and several other countries within a few years, and then followed by most of the other countries of Asia, Africa and Latin America by 1980, just eleven years away. Such a famine will be of massive proportions affecting billions of persons. If this happens, it will be the most colossal catastrophe in history.

What is going wrong with us in the western world?

Can man, politically, contain the social, environmental, economic and ideological forces that threaten the world with total destruction? Authorities of world conditions such as Gunnar Myrdal of Sweden, the eminent Soviet physicist Andrei Sakharov, and the new member of the World Bank, Robert McNamara, have bluntly posed the question of whether we possess the political creativity to resolve the critical challenge to our future existence.

The most pressing problems in the quarter century ahead—each require bold and virtually unprecedented international cooperation for their resolution. To enumerate a few of these:

1. Nuclear War and danger of global suicide.
2. Hunger and starvation.
3. Explosion of World population, which makes all problems more acute, particularly that of food.
4. Great power rivalry, intensified by critical ideological differences between the Western Powers and the Soviet Union, and between the Soviet Union and China.
5. The destruction and poisoning of man's environment—pollution of the air, the sun, the land, and the failure of technical and social expertise to keep pace with the radical increase in the number of human beings, particularly in the cities.

It took from the dawn of mankind until 1830, for the world to reach a population of 1 billion. It took only 100 years from 1830 to 1930 for the second billion and it took only thirty-eight years for the third billion. Present world population growth is almost a new billion every ten years and the forecast is for a seven billion population in about 30 years.

Man, today, is on the threshold of landing on the moon, with the project costing the United States and the Soviet Union in excess of \$50 billion. But here on earth, two-thirds of the world's population, cannot be assured of getting a square meal tomorrow.

In Vietnam, we are spending \$3 billion per month; this expenditure for one month equals the cost of the entire California water plan which offers food for millions in the United States and hundreds of millions abroad. Armament costs the Soviet Union and the United States over \$100 billion per year. The new contemplated anti-missile shield could cost the U.S. another \$60 billion.

From a gross national product of over \$900 billion, and national tax revenues of \$180 billion, less than one-fifth of 1% is going for the less developed nations.

Despite efforts by United States and United Nations agencies, and northern European countries, a massive population explosion eats away progress almost as rapidly as it is made. It has been said that the stork "passes the plow".

The population of the poverty stricken two-thirds of the earth is increasing at more than double the rate of the advanced countries.

In the past twenty years, the United States and Britain alone, have spent more than \$85 billion in Africa and Asia in aid and loans to bridge the poverty gap.

Last year, the United States Congress voted the lowest sum in the history of the foreign aid program—\$1.75 billion. Britain, engulfed in massive and stubborn fiscal problems, has been forced drastically to trim its foreign aid program.

Having passed through the first development decade of the United Nations without making much tangible progress, the underdeveloped world now faces the new decade with less outside help than it has ever had before.

All our Presidents in the past twenty years have made contributions to the problem. In leaving office, former President Johnson, in commenting on the slash in the foreign aid program, said—"It is unmerciful to condemn millions of people to wretchedness. It is madness to so jeopardize our own security and the orderly progression of our world."

C. P. Snow comments that the rapidity and completeness of human communications are constantly presenting us with the sight of famine, suffering, and violent death. He said it may be that this era of complete communications, in some perverse manner, helps to make man more callous.

The gap between rich and poor countries is growing. The average daily income among the peoples of nearly one hundred countries is something like 35¢ a day or less than \$100 per year.

There have been some encouraging breakthroughs; new fertilizer plants in India and Pakistan, new rice varieties mentioned at the last State Board of Agriculture meeting in Tulare, new wheat varieties and new mechanized processes in many countries.

However, the rich countries will be surrounded by a sea of famine unless three forces are placed in operation—not just one alone, but all three.

1. A concerted effort by the rich countries to concentrate on hunger, instead of war, to produce food, money and technical assistance for the poor nations.
2. A supreme effort by the poor nations themselves, similar to what is being done in India and Pakistan to revolutionize their food production.
3. An effort by the poor countries, with all the assistance that can be provided—to reduce, or stop population increase.

The United Nations Secretary General Thant said . . . "We are not winning the war on want. The opportunity gap is growing wider and inequality is increasing. Tens of thousands of Indians sleep and die in the streets, and hundreds of millions suffer from malnutrition."

In Africa, more than 180 million people, spread over an area of the continent, more than twice the size of the United States, now holds more than 40 independent countries trying to exist on one crop economies with a tribal primitive agriculture. It has been said that tribalism and corruption are the twin scourges of Africa.

In the cities of Africa, graft is not a crime. Corrupt politicians charge that army officers in many African countries have overthrown the government.

The present rate of population expectancy, will triple the population in Africa.

One of the few optimistic reports that came out recently came from Dr. Bernard Berelson, President of the Population Council. He believes that we have a good start at slicing a significant proportion of the birth rates in underdeveloped countries. The optimism is dependent, in part, on the future development of two or three new con-

traceptive techniques that will be cheap and easy to administer with no side effects. One such contraceptive, a tiny capsule implanted in the skin, has shown great promise in early tests.

This talk has been largely concentrated on world food problems, but here at home we have recently been told that malnutrition exists among 10% of the population of our own country, the richest in the world. A recent U.S. Public Health Survey Nutrition report, pointed out thousands of cases of Kwashiorkor and scurvy among the many random samples taken in Texas, Louisiana, Kentucky and South Carolina.

Dr. Arnold Schaefer, who made the report said—"nearly one out of twenty Americans in the survey had the protruding belly and the wasted limb common among those with protein deficiency." This nutrition expert called our attention to rickets and glandular diseases in American children due to malnutrition. This is because 10 percent of America's youngsters live on starchy foods such as potatoes, beans and grits—poor sources of protein. It was not until late last year that the Nation's dried milk used in the United States food program, was fortified with Vitamins A and D.

The food crisis can be solved. The developing nations can grow more food. The agrarians, the economists, the administration methods now exists.

Just last week, a major oil company reported in North Africa that where they had failed to find a sea of oil, they did discover a sea of pure water of such magnitude that it will make possible the farming of several millions of acres in North Africa. Full use of atomic power will make it possible to irrigate other arid areas. Over 90% of the world's rivers flow into the seas unused. The major oil companies and private government are putting vast resources into the production of fertilizer plants. These plants, new seeds and chemicals, and modern farm equipment and technical expertise, offer some more answers.

Here in the United States, we hope that the present Secretary of Agriculture, Clifford Hardin, will bring new energy and ideas to both domestic food problems and to world food problems.

From 1963 through 1968, I had the honor of serving on Secretary of Agriculture Orville Freeman's Civil Rights Committee. One of our most important field study reports brought the plea for the extension of the Food Stamp Plan for those families unable to purchase the stamps, but despite the humanity of Orville Freeman, in eight years, during the Kennedy and Johnson Administrations, he was unable to unsnarl the red tape hampering the Federal Government in getting food to the hungry, or even finding out where and how many hungry people there are. He was "ham-strung" by conservative Southern Congressmen who controlled appropriations.

One of the first things that the new Secretary Dr. Clifford Hardin did was a constructive change in the Food Stamp Plan under which the poor people in three Southern South Carolina counties were given food stamps free.

It may very well be that a once conservative Republican, as President of the United States, will complete the task that liberal Democratic Presidents commenced.

The Russian Sakharov says: "Only by immediate international cooperation, by pooling the resources of the Soviet Union and the United States, and placing them at the service of the world can we survive our critical problems."

Lord Snow concluded his speech in Missouri by saying: "We can survive only if we turn from war to peace; if we utilize the capabilities of the New Culture for man's preservation rather than his destruction."

I would like to close my talk by suggesting that we take a new look at the young generation of Americans. Too often, the press is filled with stories about our long-haired, rioting, striking, dope-taking teen-agers.

Former Congressman Leonard Wolf when he became the Executive Director of the American Freedom from Hunger Foundation was frustrated because he did not have sufficient funds for the work of the foundation. So he undertook a program to communicate with the youth of America concerning the problems of world hunger. He went to Fargo, North Dakota and went to the students in Oregon and in California and he told them about the problems. The students of Fargo, North Dakota came up with a program, "Why not have a walk for development?" Some 3,500 students joined by their teachers and religious leaders and some parents walked 32 miles. Each one was sponsored by community leaders, by business, by some of their parents and over \$35,000 was raised in that walk for development in Fargo, North Dakota. Those funds were sent to Madagascar for an agricultural experiment station and part of the funds went to help an Indian tribe in North Dakota.

I spoke to Leonard Wolf and one of the National Trustees and said "maybe this was a 'flake' in North Dakota, I don't think this could happen in California." He accepted the challenge and spoke at the high schools of Indio and Palm Springs, California. Some 800 young people from the high schools of the Coachella Valley joined in this walk for development and raised \$15,000.

I received a phone call in my room this morning from the Executive Director of Freedom from Hunger in Northern California who informed me that five more youth organizations in California cities will have nine walks for development. Plans are now underway. It seems obvious with thousands of young people demonstrating selfishness perhaps we here in California might well implement some of the new programs of President Nixon and Secretary Hardin. Perhaps the State Board of Agriculture ought to vote a congratulatory message to Secretary Hardin for his work to extend the Food Stamp Plan. Perhaps we might again indicate to President Nixon and the new Secretary of State that there are successful farmers in California whose "know how" and "show how" ability might help some of the underprivileged Nations.

What really is needed is more revitalization of active participation in Government. Let's not leave it to the other "guy". Let's help do something to prevent world famine and world hunger.

POSTAL POLITICS

HON. ARNOLD OLSEN

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. OLSEN. Mr. Speaker, we on the Post Office and Civil Service Committee have heard a long parade of administration witnesses decrying politics in the Post Office. These witnesses cite such activity as being at the core of postal ills.

Yet when it comes to playing politics to convert the Post Office to a corporation, there is apparently no hesitancy on the part of the Post Office Department officials. A timely article substantiating this appears in the October issue of the Postal Supervisor—the magazine of the National Association of Postal Supervisors. I would like to submit this article for

the RECORD for the edification of all my colleagues.

The article follows:

NO MORE POLITICS?

(By Donald N. Ledbetter)

In a year when the Post Office Department has ordered an end to politics in the postal service, the Department itself has engaged in one of the best organized and most expensive lobbying efforts in recent history. In my ten years on the Washington scene, I have not witnessed a bigger campaign for any piece of legislation than has been waged by the Department for its postal reform bill, H.R. 11750. A bottomless reservoir of talent and money in the Post Office Department has been available for this purpose despite the continuing cry of "budgetary limitations" when requests are made by postmasters and supervisors for adequate staffing and other legitimate mail moving needs.

At the outset of the state convention season last April, the Department indicated that Departmental representation at N.A.P.S. state conventions would have to be limited to a few of the larger conventions. After H.R. 11750 was introduced on May 28, however, Departmental speakers suddenly became available for all of our conventions despite their size or remote locations. The Department had a product to sell—a postal corporation—and it was obvious from the start that no stone would be left unturned in the effort to sell it. Departmental representatives were directed to preach corporation to N.A.P.S. audiences and apparently to anyone else who would listen. It was incongruous to say the least to hear a speaker at the beginning of his speech state that he "was not there to sell the postal reform bill because it would be illegal for him to do so"—and then proceed to do just that for the next thirty to forty minutes. From reports received at national headquarters, there were only a few Departmental speakers who departed from the written text which, of course, was 99% corporation.

Meanwhile, the arm twisting was going on here in Washington. The N.A.P.S. resident national officers, who had been trying unsuccessfully for two years to get the Department to sit down and discuss the pros and cons of postal reform, were suddenly invited to a series of meetings with top Departmental officials to discuss the proposal. The discussions at these meetings were informal and frank with both sides expressing their opinions quite freely. The N.A.P.S. resident officers felt that the meetings were very profitable, but the Department probably did not. They were unsuccessful in selling the corporation to the N.A.P.S. officers.

The Department even went so far as to recommend that a special off-year national convention be called in order for the Department to have an opportunity to try to sell the corporation idea to the N.A.P.S. membership. When President O'Dwyer told the Department it would be ridiculous to call a special convention for such a purpose, the Departmental officials decided to try some other approach to reach N.A.P.S. members in the field.

Meetings were set up in all fifteen Regional Offices, and in an unprecedented move, at least two N.A.P.S. state officers from each state branch were invited to come to the Regional Office on administrative leave and at Departmental expense. In addition to these, the officers of the local branches in the Regional headquarters cities were also invited to attend the meetings.

Simultaneously, Regional Directors called in "50 to 75 representative postmasters" for the same purpose. Top Departmental officials visited the Regions, and at each of the one-day seminars, the assigned official spoke to the postmasters at a morning session and to the supervisors at an afternoon session. Although billed as briefing sessions on reor-

ganization plans, it was obvious to those who attended that the meetings were called for the sole purpose of selling the postal reform bill, H.R. 11750. Considering a minimum of one day's pay, travel and per diem allowance for all who attended the meetings, the expense to the Department should stagger the imagination.

An interesting sidelight to the Regional meetings was the fact that the president of the National Association of Postmasters, U.S., who is a full time postmaster, attended all fifteen of the meetings at the invitation of the Postmaster General and spoke to the postmasters at the morning sessions. He did so in an effort to explain "The Postal Service Act of 1969" to postmasters and "to insure their full understanding and wholehearted support." (See *Postmasters Gazette*, August 1969, page 2.) The postmasters association had previously endorsed the corporation bill, making it the only postal employee organization—to our knowledge—to have taken such action.

In this connection, we have great respect for N.A.P.U.S. and agree with many of its aims and objectives. When there are points on which we do not agree, however, we certainly honor their right to a difference of opinion. Unfortunately there have been reports that the N.A.P.U.S. president openly criticized N.A.P.S. at some of the Regional sessions for not going along with the Department on the corporation idea.

With the Regional meetings concluded, the Department turned its attention to Postal Forum III, a meeting attended by more than 2000 mail users and field postal officials at the Washington Hilton Hotel in Washington, D.C. on September 8-9. N.A.P.S. resident officers attended the meeting and estimated that there were 400 to 500 postmasters, Regional and Departmental officials present. The registration fee was \$50.

Although advertised as a continuing of the dialogue established between the post office and its largest mail users with Postal Forum I in 1967, it was obvious to all who attended that the theme of the Forum was "The Postal Service Act of 1969, H.R. 11750." From the keynote address by the Postmaster General on Monday morning to the banquet address on Tuesday night by Secretary of Commerce Maurice Stans, the message was the same—H.R. 11750. The PMG even had the assemblage at the banquet reciting the number of the bill in unison!

For people who are proud of their lack of past experience in politics and who have declared that there will no longer be any politics in the postal service, this team has shown Washington a lobbying campaign which will long be remembered. Who said "No more politics?"

POST OFFICE CONSTRUCTION

Postmaster General Winton M. Blount announced on September 9 a cutback of more than \$182 million in new post office building contracts in carrying out President Nixon's program to reduce cost pressures in the construction industry. The President had announced on September 4 a reduction of 75% in new federal building contracts until inflationary pressures ease in the construction industry.

The Post Office Department's cutback—which, incidentally, does not affect contracts already let—applies to buildings to be leased from private firms as well as those to be owned by the government. The cutback however will not delay site acquisitions and architectural planning for future facilities.

Because of the cutback, contracts will only be awarded for projects having the highest priorities. These would include those replacing facilities which are considered to be dangerous to health and safety, where the growing mail volume could create a breakdown unless the project goes forward, and where the lease on a facility cannot be extended.

N.A.P.S. 1970 DUES CARDS

N.A.P.S. 1970 dues cards are now available upon order from national headquarters at a cost of 2¢ each regardless of quantity. The cards, which are yellow in color with the year "1970" screened in the background, have suitable spaces on the back for a branch officer to initial to indicate either dues withholding or cash payments. Although use of the cards is not mandatory, more and more branches are using them each year. The cards may be ordered by branch officers only.

PELLEY BACKS FULL FUNDING OF CLEAN WATER PROGRAM

HON. THOMAS M. PELLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. PELLEY. Mr. Speaker, I am pleased to be one of more than 220 Members of the House supporting a \$1 billion appropriation for the Clean Water Appropriation Act scheduled for House consideration next week.

Conditions of many of our lakes, streams, and rivers sometimes appear hopeless, but in my hometown of Seattle there is an outstanding example of what proper planning and financing can accomplish.

The beautiful Lake Washington, lining the east side of the city, a number of years ago began deteriorating in quality caused by increased population and individual community sewage treatment plants dumping their effluence into the lake.

Joint action and the founding of Metro, a metropolitan area government organization to deal with sewage and other pollution problems, along with strong citizen participation through a bond issue, as well as with Federal assistance, have resulted in the restoration of Lake Washington into what can be cited as a splendid example of what can be done in fighting water pollution.

All of us in Seattle are proud of Metro and its accomplishments. But, much remains to be done in expanding this system so that an entire watershed is protected. The sewage from more towns must be tied into this system which carries much of the area sewage and after treatment in its consolidated plants pipes the effluence to where it is dissipated in the deep tidal salt water of Puget Sound.

The Clean Water Restoration Act and the vital help it could provide for cities and States on a matching basis is the most direct and least expensive way of making progress in cleaning up the Nation's waters, and the program cannot work unless the Federal Government provides its share as promised.

Mr. Speaker, I urge my colleagues to support the funding of \$1 billion for the Clean Water Restoration Act and include a fine article from the September 28 edition of the Seattle Times concerning the work of Metro at this point in the RECORD:

METRO PLANS PHASE 2 PROGRAM OF SEWERS, POLLUTION CONTROL

(By Bob Lane)

So you think Metro's job is done, now that it is nearly finished with the last projects

in a 10-year construction program that has been completed in eight years at a cost of \$131 million?

Metro doesn't think so.

The agency and its consulting engineers now are working on a Phase 2 program that will require almost as much sewer construction and pollution-control work in the 15-year period ending in 1985.

Because of inflation and other cost pressures, the price of the small work program will be substantially greater—with the total possibly as high as \$160 million.

Work completed in Phase 1 was close to miraculous.

Lake Washington was cleansed of the treated sewage that fed algae, whose superabundant growth was speedily bringing on the biologic death of the lake.

Lake Sammamish has received a similar cleansing.

Construction work to be completed early next year will end the dumping of raw sewage into Elliott Bay.

Metro officials see a need for continued spending to make further improvements to water quality and to provide sewer service in new and growing suburban communities.

About one-third of the spending required in the next 15 years will be to extend Metro trunk lines into unserved areas such as Southeast King County, east of Lake Sammamish and into other rural districts about to become suburban communities, Charles V. Gibbs, Metro executive director, said.

The other money will go for the improvement and expansion of existing facilities, Gibbs said.

Phase 2 plans will include expansion of the Renton treatment plant, development of sludge-disposal facilities at the West Point treatment plant, modifications to the Alki treatment plant and construction of more regulator stations on North End sewer lines to prevent the overflow of sewage into the Lake Washington Ship Canal and Lake Union during wet weather.

The problem is money. Metro doesn't have enough.

But the agency is working on that problem, too.

The federal government consistently has discriminated against large cities and metropolitan sewer districts in the distribution of its limited pollution-control funds, Gibbs said.

Twenty-five other major utilities and Metro, at Metro's instigation, have developed an informal but powerful alliance designed to win proper consideration by the government and perhaps to get some of the federal money.

Metro has received only \$6 million from the federal government in support of its \$131 million program. It was entitled to receive \$40 million.

A survey by Metro shows that since 1956 the 26 sewer utilities have been responsible for \$1.4 billion or 24 per cent of all spending on water-pollution control. The same utilities have received only 6 per cent of federal aid distributed in the same period.

Representatives of the utilities met recently in Washington to discuss the financial situation and will meet in Dallas next month with the Water Pollution Control Federation.

A bill now before Congress would authorize the Secretary of the Interior to develop contracts with utilities under which the federal share of a project would be spread over 30 years. Most cities and utilities oppose the bill.

Gibbs said he believed the bill will be amended to provide, among other things, some way of giving major cities and districts credit for some of the money they qualified for but did not receive.

The magazine Nation's Cities, published by the National League of Cities, has reported that Congress has appropriated only about one-third of the funds authorized in 1966 and

that because of the money shortage about 4,600 applications for grants "are now languishing" in federal offices.

Metro's financing program, however, will have to go beyond digging deeper into the federal till.

The Phase 2 program will include recommendations for acquiring additional local funds.

Methods being studied include higher monthly fees for customers in new areas and some form of service or connection charge to be levied against municipalities or districts joining Metro.

Some members of the Metro Council believe that residents of new areas should pay their own way and that those now served by Metro—who have paid their own way—should not be asked to subsidize extensive extensions of the Metro system.

The issues now are clear. The answers to the questions are not.

TREATMENT AND USE OF WATER

HON. GEORGE BUSH

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. BUSH. Mr. Speaker, the Republican Task Force on Earth Resources and population held two fascinating hearings during September.

The first dealt with water recycling and reclamation. The Honorable GUY VANDER JAGT, a member of our task force, invited Dr. William Tanner of Michigan State University to speak with us regarding the water reclamation and recycling project being initiated on the campus of his university. This type of leadership and initiative demonstrated at Michigan State could provide a model for other institutions and needs the support of private as well as public interests.

I found most interesting the treatment and use of water in this process as a closed system—rather than an open one—that simply discharges water—with its pollutants—into our tributaries, rivers and lakes. It was most encouraging to learn that water pollution problems can be solved by a space and time formula rather than by unknown future technological advances.

The subject of our second hearing was marine biochemistry and biology. The Honorable JERRY L. PETTIS, another task force member, invited Dr. Bruce Halstead, executive director of the World Life Research Institute and one of the Navy's top consultants on marine biochemistry. Dr. Halstead talked on the phenomena of marine ecology in micro-organisms, plant life and fish. He explained how water pollutants were creating enormous levels of toxicity within healthy looking fish and how changing environments can change the toxicity in marine life. The task force also examined a model diving ship being developed for further sea exploration by General Electric Co.

Both of these hearings further convinced me that we need to move quickly in alerting the public to the needs of the next decade if we are to properly manage our technology, our environment and our society with the increased population expected in the next 30 years.

Mr. Speaker, I insert the highlights of these two hearings in the RECORD:

HIGHLIGHTS OF STATEMENT OF DR. HOWARD TANNER

Dr. Howard Tanner, Director of Natural Resources at Michigan State University and recipient of the "Conservationist of the Year" award, cited 4 domestic issues which he feels are interrelated and responsible for our depletion of earth resources—(1) population stability; (2) inner city tension; (3) racial harmony; and (4) environmental degradation. The key element that brings these four together is the *water problem*. Our behavior in the past has been reckless and thoughtless because we tend to believe that our rich, unpopulated country still exists today as it did one hundred years ago. Thus, we traditionally displace our earth resources problems but we do not solve them, e.g., we treat water but we do not recycle or reuse it effectively.

The solution to the water quality problem and the pollution problem necessitates more space and time. In addition, there must be a complex team approach, an incorporation of the facts of economics, social and political scientists, as well as technology. Michigan State University is involved in a program concerned with the environmental quality and will tackle 2 important areas:

1. Wastewater reclamation and reuse
2. Fundamental and applied research and teaching in field phases of the natural sciences.

Three to six million gallons a day of treated domestic wastewater will be pumped four miles to an allocated area of small lakes on the MSU campus. As the water flows through the lake system, nutrient levels will be altered due to biological activities of plants and animals. Nutrients will be removed by growth of aquatic plants and farm crops treated by irrigation. A withdrawal system will transport water to experimental sites such as a golf course, a recreation area, crop sections and woodlots to determine the value of this nutrient-rich water on each area. Afterwards, the same water will be available for immediate reuse as well as for injection elsewhere.

Various areas will be dedicated to teaching and research activities; (1) intensive plant research to study wastewater utilization and irrigation and the influence of water nutrient levels on plants; (2) study of aquatic environments including the cropping of aquatic plants.

Another phase of the program will consider community recreational benefits such as picnicking, fishing and boating, direct body contact in water sports and other recreational uses of water.

The benefits of this management program are many. It will be possible to clean up wastewater, reuse the water, and salvage and use waste material, all without discharging high-nutrient wastes into a stream.

In order for this experiment to prove valuable, first to Michigan, and then to the nation as a whole, we need citizen awareness as well as a combination of engineering, biology, economics, etc. Everyone, from liberal arts student, to citizen, to scientist, must take an active interest in wastewater reclamation and reuse in order to permit the full utilization of our natural resources and still prevent the destruction of our environment.

MARINE BIODYNAMIC CHEMICALS—A NEGLECTED RESOURCE

(By Bruce W. Halstead, M.D.)

It is highly significant that the Republican Research Committee of the United States Congress has seen fit to establish a House Republican Task Force on Earth's Resources and Population. Technical experts representing a broad international spectrum of disciplines have pointed up the extreme ur-

gency for prompt and bold action that must be taken by Government and private enterprise if we are to divert an impending global catastrophe of unprecedented proportions. The problems involved in the global population explosion and accompanying lack of food supply are of such enormous scope as to comprise the most massive technological challenge of our age. Food and population problems are further compounded by the ever present threat of diseases which appear in a multitude of forms. When these problems are placed in their proper mix, we have the resulting products: poverty, hunger, and disease—the infamous triumvirate which provide the matrix for wars and civil strife. When the overall situation is critically analyzed, we come up with the single common denominator of a defective economic structure.

In the light of some of these threatening developments, it is particularly appropriate that the President and Congress critically evaluate the total picture of earth's resources, their relationship to society, and the role of our great Nation in the development of these resources. A large amount of literature and numerous analyses have appeared over the decades on such topics as petroleum, minerals, foods, lumber, fisheries, and a host of other materials that commonly are recognized to be vital to our economy. One resource area that has been given relatively little attention has been the field of marine biochemistry which includes a vast array of biodynamic substances having both nutritional and pharmaceutical potential. There is now an overwhelming amount of scientific documentation which clearly supports the contention that the sea is man's greatest untapped storehouse of life-giving and life-sustaining substances.

Natural products as recognized by chemists and pharmacologists generally refers to chemical substances having biodynamic activity that are produced by plants and animals. Past research in natural products chemistry has shown that plants and animals are capable of producing a vast number and variety of biodynamic substances. The plant kingdom has contributed many useful drugs having remarkable structures and myriads of biological effects. Some of the better known substances include such diverse items as reserpine, atropine, scopolamine, ergonovine, ephedrine, quinine, digitoxin, rutin, pilocarpine, leucocristine, vincalcalcin, various antibiotic substances, etc. Although it is estimated that this planet contains more than 850,000 plant species and more than one million animal species, it is probably safe to say that less than 5 percent of these amazing organisms have been screened with any degree of thoroughness as to their total potential as producers of biodynamic substances. When one considers the tremendous contribution which these organisms have already made to the therapeutic armamentarium of mankind, it is extremely difficult to rationalize the reasons for our failure to have explored more thoroughly these vast medicinal resources.

With the advent of the era of ocean exploration, the subject of natural products research has once again come into sharp focus and rightly so because the oceans which comprise about 71 percent of the earth's surface are recipients of a comparable portion of the energy received from sunlight, and it is estimated that about four-fifths of all living things live in, on, around, or fly over the seas of the world. When one considers the number of biochemical substances within a single specimen of plant or animal and then multiplies this by an infinitude of ecological situations which can modify the chemical constituents within the organism and then multiplies the number of species of organisms, the mathematical possibilities of biochemical agents throughout the world of natural products truly staggers the imagination. However, the purpose of

this Congressional hearing is to try and make a realistic economic assessment of the future of natural products rather than to discuss a subject which some critics have termed as "pie in the sky." The question that now presents itself is what are the mechanisms whereby we can harness these substances and thereby avail ourselves of these extremely valuable economic and therapeutic resources. It is to this specific topic which I wish to direct my remarks.

If one critically examines the research and development requirements of the proposed marine pharmaceutical business, it will be seen that there are major deficiencies operational at present both in the government and private sectors. A marine pharmaceutical program begins with a good field procurement program. Geographically speaking the greatest concentration of marine organisms possessing biodynamic substances is found within the rich marine Indo-Pacific faunal province. However, this is not to say that enormously large resources are not to be found elsewhere. Effective field programs demand adequate logistics support. It is in this specific area that our present marine pharmaceutical operations begin to fall apart at the seams and ultimately result in an ineffective program. The initial procurement step involves faunal surveys suitable for toxicological and pharmacological screening. This operation requires trained marine biologists who are competent shallow-water divers capable of using self-contained underwater breathing apparatus and hookah. Accurate locality and ecological records of the exact site at which the specimens were captured are needed. In marine organisms as in many land plants, it has been demonstrated that the chemistry of the organism varies with the environment and the food ingested. Consequently, many of the toxins which are of potential pharmaceutical value are not species specific. The production of these substances frequently is controlled by environmental rather than genetic factors. The difficulties are further compounded by the fact that these chemical fluctuations are not always seasonally predictable but are due to ecological factors which are at present completely unknown. A useful field record must be accompanied by an accurate scientific identification of each organism that is collected. The matter of obtaining a taxonomic diagnosis of each organism poses monumental problems if one is screening marine organisms on a large-scale basis from many localities.

The difficulties in field logistics and marine specimen identification are foreign to the thinking of the pharmaceutical industry. No pharmaceutical company presently has an in-house capability for dealing with either of these problems. Field surveys are expensive, demanding the services of divers, underwater photographers, technicians, marine epidemiologists, marine biologists, etc. Many of the most productive areas of the world are in remote localities and require the use of aircraft and ships of varying sizes and types. Ship time alone may cost from several hundred to several thousands of dollars per day. The identification of marine plants and animals requires the services of a large number of specialists. The Smithsonian Oceanographic Sorting Center, which operates the largest program of its type, utilizes the efforts of about 250 systematists throughout the world. Unfortunately for the marine pharmaceutical industry, the SOSOC is not in the business of providing a routine identification service for commercial groups even though they have been most generous in attempting to assist any group in need of identification services. If the marine pharmaceutical industry is going to develop on a practical commercial scale, it will require solid backing from a government agency such as the SOSOC which can provide the necessary identification back-up. It will also

require assistance in funding expensive ocean operations, ecological, faunal, floral, epidemiological, and screening studies. Legislation is presently being formulated by our United States Congress for the establishment of a National Institute of Marine Medicine and Pharmacology which hopefully will be able to provide leadership, funding, and technical assistance to the academic community and industry in developing marine pharmaceuticals. However, if this program is to be successful it will require better liaison and a more cooperative government-industry climate than presently exists.

Another serious problem that we face within the marine pharmaceutical business is the matter of screening. The pharmaceutical industry as a whole is geared largely to the screening of synthetics which is handled in a rather stereotyped or assembly-line fashion. Obviously synthetics which have a known structure and at times predictable pharmacological properties which are readily subject to patent procedures offer rough competition to an unknown and unwieldy group of silmy substances from the briny deep. Sad experiences has shown that this mish-mash of marine noxious substances which refuses to exhibit a consistent pattern of any type is not suitable for processing through the well-oiled computerized wheels of our modern pharmaceutical industry. Moreover, because of the very physical nature of these creatures, consisting of such troublesome materials as spongin, cellulose, silicious substances, calcified structures coupled with soft tissues, chitin, dentinal structures, etc., the otherwise simple problem of preliminary chemical extraction becomes very complex and almost impossible to handle on a production basis. Thus at the very beginning even before the screening process begins most industrialists are ready to throw in the towel and call it quits. This initial discouragement is further enhanced by the realization that even when the active substances are extracted they are available in such minute quantities as to be useless as far as a practical source of commercial supply is concerned. At the present time, most pharmaceutical companies are by temperament and in-house technology poorly equipped to cope with the avalanche of problems with which the marine world is so bountifully graced.

With this dismal picture in mind why should we attempt to pursue this pharmacognostic chaos any further? In the final analysis what are the benefits to be derived from the large investment that is going to be required by both taxpayers and stockholders alike? The need for a new and broader spectrum of more effective pharmaceuticals is obvious and of concern to all men everywhere. It is apparent that if the pharmaceutical industry were capable of meeting all of these needs by means of a strictly synthetic approach, they would have long ago done so and would now be spending the remainder of their days in retirement and meditation clipping coupons resulting from the benefits of their patented discoveries. The facts of the matter are that regardless of the approach that is used the discovery of chemical structures which have resulted in major breakthroughs in therapeutic medicine are few and far between. Moreover, if the record of the synthetic achievements is stacked against that of natural products, it is not particularly impressive in the new horizon area of pharmaceutical achievement. The enormous contributions of natural products are too well known to pharmacists and physicians to need further documentation at this time. If indeed we are seeking new and revolutionary types of molecular structures and biological activity, it would be logical to assume that we should direct our attention to those areas where they are present in the greatest abundance, namely, natural products. In sheer numbers alone, the compara-

tively meager number of industrial synthetic chemists throughout the world cannot hope to compete with the infinite number of chemical factories that exist throughout the natural world. Moreover, "nature's chemists" have one advantage over synthetic chemists and that is that from their very beginning they have been manufacturing products that are a functional part of a biological system.

The ocean is a vast chemical-physiological receptacle that not only encompasses almost 71 percent of the earth's surface but measures its proportions on a three-dimensional scale with a volume of about 325,000,000 cubic miles of water. Much of the solar energy received by the ocean is utilized by minute plants living in the upper 25 fathoms in the manufacture of living substances. These algae are to be found in a host of forms and serve as the primary food source of the sea. It is estimated that this vegetable matter annually amounts to 4,000 tons per square mile, and that marine plants produce about 85 percent of the food produced by all plants on this earth. Feeding upon this vegetable matter, either directly or indirectly, are myriads of marine animals. In the study of marine biotoxins it has been shown that potent biochemical agents may originate at lower trophic levels (algae, etc.) within the food web and eventually make their way through a sequence of organisms involving plants, invertebrates, fishes, and even mammals. In some instances their biochemicals may be modified; whereas in others they appear to be stored within the tissues of the organism apparently without undergoing any change. Thus carnivorous fishes feeding at the upper trophic levels are literally a biochemical product of their predecessors. An interesting example of this biochemical succession is found in the case of ciguatera which appears to be capable of passing from plant to invertebrates and on through a great variety of fishes. This phenomenon presents certain opportunities for those searching for biodynamic substances because organisms at one level may serve as concentrators of substances derived from a lower trophic level. For example a rapid sampling of certain types of materials produced by minute encrusting algae might be obtained by screening the gut contents of herbivorous fishes such as the surgeon-fishes of the family Acanthuridae. This would also involve a biological analysis of the gut contents, but it nevertheless permits a rapid check of an array of substances which might be difficult to obtain by other methods.

One practical question that presents itself at this juncture is the matter of supply of raw materials in the event that a useful substance is discovered. There are two considerations of fundamental importance in the screening of natural products. One objective is to discover new molecular structures which can serve as a blueprint or model for a synthetic chemist to use in the development of a new product. Another objective of natural products research is to find commercial uses of undeveloped marine resources. Although chemical characterization studies may utilize large quantities of raw materials, the amounts required would undoubtedly be much less than that needed to meet the continuing demands of a commercial market. On the other hand, if synthesis of the substance is not possible or economically unfeasible, then alternate routes must be considered. This now brings up the subject of harvesting marine products by means of marine pharmaceutical aquaculture.

During the past several years the subject of marine aquaculture has been given a great deal of attention relative to increasing our food resources. To many uninformed persons this technology is thought to be of recent vintage and a new discovery, but such is not the case. The basic principles of aquaculture have been in practice on a large scale in many parts of the world for many centuries.

Oyster culture has been in operation in Japan since about 2000 B.C. and by the Romans since about 100 B.C. to cite only two examples. Culture techniques are effectively utilized in the rearing of seaweeds, sponges, mollusks, shrimps, and vertebrate fishes to one extent or another in Japan, China, Korea, Indonesia, Philippines, Australia, Great Britain, United States, Venezuela, Scandinavia, and elsewhere. Although there are pros and cons as to the need and in some cases the practicality of rearing oceanic food fishes on a massive scale, it is becoming increasingly evident that this is an area of technological research that can be highly productive. Marine aquaculture from the viewpoint of pharmaceutical research should ultimately prove to be a vital link in the development of drugs from the sea. Granted that there are numerous problems, but they are not insurmountable. It should be kept in mind that the pharmaceutical industry would not be faced with a highly competitive food fisheries market in which the cultured products must compare favorably with wild stocks. In some instances the marine pharmacologist may be working with organisms which are present in sufficient abundance to develop a new commercial fisheries. At the present time, some of the most interesting compounds are appearing in groups of little-known organisms such as certain species of sponges, coelenterates, echinoderms, annelid worms, anthropods, and species of so-called "trash fishes."

Marine pharmaceutical fisheries of the future offer great economic possibilities to island and many continental areas of tropical and temperate seas of the world. Biodynamic substances appear to be most commonly present in shallow-water organisms within the 150-foot zone which is readily available to shallow-water divers. There is presently needed a new pharmaceutical and fisheries technology. These are just a few of the areas which the proposed National Institute of Marine Medicine and Pharmacology together with industry and the scientific community hopefully will begin to explore within the immediate future. If the marine biotoxicological findings of the past are any indication of the future, it will ultimately be shown that the biochemical wealth of the sea probably far outweighs that of the utilisable marine inorganic resources. How long mankind can continue this luxury of scientific and economic ignorance only future historians will be able to ascertain. The greatest single impediment to the development of the field at present is the lack of fresh imaginative and adventuresome thinking on the part of both industry and government.

WATER POLLUTION CONTROL

HON. JAMES G. FULTON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. FULTON of Pennsylvania. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

ADDRESS OF GOV. RAYMOND P. SHAFFER AT PENNSYLVANIA CONFERENCE ON WATER POLLUTION CONTROL, PENN HARRIS MOTOR INN, WEDNESDAY, OCTOBER 1, 1969

Welcome and thank you for coming to the third annual conference on environmental problems faced by our Commonwealth.

These conferences, which are part of my Administration's ten-year program: "Project Environment," are designed to put focus on the most critical problems we must solve if

life is to be liveable for future Pennsylvanians.

In the first conference we concentrated on air pollution.

In the second we discussed land pollution. Now we take up water pollution.

I trust that you will find this conference as productive as we found the first two. And I hope you will help us find ways to assure every Pennsylvanian that the water in our faucets is clean and pure. The sad fact is that we cannot give that assurance to every citizen today—a fact that is not isolated to Pennsylvania.

I want to take this brief moment to be personal about this and the other crises we face in the Commonwealth.

As Governor, I am deeply proud of the efforts most Pennsylvanians are willing to make, and are making, toward solving our mutual problems.

I have travelled about this Nation and have yet to find a more beautiful natural land of variety than our Commonwealth. And I have yet to find any State making a greater effort to preserve its beauty, natural resources and environment than we are.

We have a \$500 million land and water fund that is now being used to attack the scars and pollution left by irresponsible mining practices; for providing good recreation; for getting the sewage out of our streams.

We have the first and strongest solid waste management law in the Nation for dealing with the junk and garbage of our affluence.

We are ready to begin construction of the Nation's first air pollution monitoring network when a certain State official decides to stop playing politics with it.

We have the Nation's first water pollution monitoring network to help us strengthen the enforcement of our model Clean Streams Law. We also have the toughest strip mining laws among the States.

These are examples of our willingness to work against the problems of the past and meet the challenges of the future.

But I ask myself: Is this really enough? Are we going to win with this kind of an effort?

I read the words of the pessimists, which warn us that for the first time in history, the future of the human race is now in serious question.

For many of us, that warning sounds melodramatic, but an increasing number of thoughtful people are repeating it. People like Professor Richard A. Falk, of the Center for Advanced Study in Behavioral Sciences, who said recently:

"The planet and mankind are in grave danger of irreversible catastrophe . . . Man may be skeptical about following the flight of the dodo into extinction, but evidence points increasingly to just such a pursuit . . . There are four interconnected threats to the planet—wars of mass destruction, overpopulation, pollution, and the depletion of resources. They have a cumulative effect. A problem in one area renders it more difficult to solve the problems in any other area . . . The basis of all four problems is the inadequacy of the sovereign states to manage the affairs of mankind in the 20th Century."

These critics of our present way are repeating to themselves those marvelous lines from Pogo: "We have met the enemy and he is us."

And to prove it they produce these facts:

That DDT has been found in the tissues of Eskimos and of Antarctic penguins.

That 75 percent of all incinerators in the Nation are inadequate.

That dump-and-fill operations in the San Francisco Bay over the past 150 years have reduced the Bay to half its original size.

That we Pennsylvanians alone are still dumping millions of gallons of industrial wastes, raw sewage, pesticides and detergents into our water daily.

Can we hope to change these conditions

under our present structure of self-government?

In his brilliant editorial in last month's issue of Harper's Magazine, John Fischer concludes that we are living in a state of near-anarchy because "we have no government capable of dealing effectively with public problems."

He makes this blanket charge that everyone of us must heed, whether or not we agree:

"We have a hodgepodge of 80,000 local governments—villages, townships, counties, cities, port authorities, sewer districts and special purpose agencies. Their authority is so limited, and their jurisdictions so confused and overlapping, that most of them are virtually impotent. The states, which in theory could put this mess into some sort of order, usually have shown little interest and less competence. When Washington is called to help out . . . it often has proven ham-handed and entangled in its own archaic bureaucracy. The end result has been that nobody in authority has been able to take care of the Country's mounting needs."

We, as Pennsylvanians, cannot escape this criticism, although I believe we have done more recently than any other State to show our interest and provide competence for dealing effectively with public problems.

Our "Partner Cities Program" though in infancy, is designed to help local governments plan for the future.

We have committed ourselves, through the Governor's Science Advisory Committee, to a program we call "Science for Society." This program has originated out of our conviction that the scientific know-how that has powered our national space and defense programs can help create inexpensive and durable housing materials, unsnarl urban traffic tangles and purify our air and water supplies.

If we fail to answer the criticisms of John Fischer in Pennsylvania, it will not be because we didn't try.

And that really is what this conference is all about. To give you the opportunity to help Pennsylvania respond to the challenge.

It is needless to say that our past history and policy toward control of water pollution was not a noble achievement. The fact that we allowed millions of gallons of acid mine drainage to get into our streams was alone a disgrace.

And even with the efforts we are presently making through the construction of the first acid mine water treatment facilities, through the Sanitary Water Board and other State agencies concerned about pure water, changes are needed.

At this conference, we are asking you to think about and give us answers to these questions:

Does the Sanitary Water Board have the tools now needed to assure the quality of our water supply?

Are the water pollution control concepts and methods developed in the 1930s, and still in existence, adequate to meet the growing demands for pure water?

There is need for improved planning and new water management techniques. Our present system of providing municipal sewage collection and water pollution control is moving too slowly. Consequently, it is not keeping pace with the development of the Commonwealth.

We must now create a State-local partnership of regional systems of water quality management. Communities, industries, builders, and individual citizens must work more cooperatively in a region to assure a pure water supply.

We can no longer allow the proliferation of water treatment facilities along our streams, just as we can no longer permit any community, regardless of size, to dump raw sewage into any body of water.

During the past year, the State's Water

Resources Coordinating Committee held a series of meetings to stimulate the formation of watershed associations. We have found that these associations are providing our citizens with a better awareness of regional water problems and a new responsibility to become involved in pollution control efforts.

These associations can give us the basis needed to create regional control of the water supply and bring to an end the era when a hamlet, acting selfishly, can veto the improvement of water quality for other communities.

The program for this conference is designed to give you the opportunity to present your views on what course Pennsylvania should follow to protect its priceless water and its proper use. I know of no greater contribution you can make to the improvement of our environment and the future development of our Commonwealth.

Thank you.

SWEEPING REFORMS IN POST OFFICE

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. DERWINSKI. Mr. Speaker, next Wednesday the House Post Office and Civil Service Committee may take a positive step in commencing the markup for the proposal to reform the Post Office Department. The bill which would effectively produce postal reform by means of a Government corporation is H.R. 11750 which received tremendous editorial endorsement from objective publications across the country.

It was with special interest that I noted a very spirited and effective editorial in the South Suburban News of Harvey, Ill., Saturday, September 6, which gives an especially sound presentation for the arguments in support of H.R. 11750.

The editorial follows:

SWEEPING REFORMS IN POST OFFICE

It isn't often that a new idea calling for sweeping reforms in one of our long-established national institutions is able to enlist substantial and enthusiastic bipartisan political support at all levels of government—federal, state, and local.

But that is just what is happening in the case of President Nixon's legislative proposal to reorganize the antiquated Post Office Department from top to bottom.

Twenty of the states' governors and 66 mayors from coast to coast have already joined federal officials in urging Congressional passage of the President's bill, known in its present form as H.R. 11750, which would remove the Post Office from Cabinet and restructure it as a government-owned corporation operating under a charter from Congress to run on a self-supporting basis.

In our view, the features of the proposed corporation (to be called the United States Postal Service) are so superior to those of the present system that the bill deserves the wholehearted approval of every citizen.

First, the public at large would benefit from the savings the corporation would bring about.

One of the most exasperating aspects of the Post Office operation is that it is always in debt. Last year's deficit, for instance, was a colossal \$1.2 billion. A comprehensive independent study made last year pointed out that a large part of the Department's an-

nual deficits is caused by inefficient management practices built into the system itself and completely beyond the powers of the Postmaster General to change.

The study group concluded that only a total overhaul of the Department would effect the improvements so crucially needed in this area.

This is precisely what the President's proposal would do. It would place the corporation in the hands of a group of professionally competent directors and give them the authority to run it on a sound businesslike basis. It would also empower them to purchase badly needed modern equipment and construct modern facilities to insure that postal services are provided as efficiently as those of any successful private corporation.

The result, as stipulated in the President's bill, will be that five years after the beginning of operations, the corporation's income in revenues should, on the whole, equal its outgo in expenses.

Second, the mail users themselves would derive tremendous benefits. The present haphazard and inequitable rate structure would be replaced by a plan in which the board of directors would set rates after hearings and recommendations by a panel of expert rate commissioners.

Thus, all classes of users would be assured of fair treatment, and the old practice of one user helping to pay for the transportation and delivery of another user's mail would be eliminated, as nearly as it is humanly possible to do.

Thanks to building and equipment improvements, service to mail users would be faster and more dependable than it is now.

Finally, postal employees would find that the corporation will provide them with a whole range of benefits that the current system doesn't have. Workers will be able—for the first time—to be represented in productive labor-management negotiations on the bread-and-butter issues of wages, hours, benefits, and all conditions of employment. In the event that labor and management cannot get together on the resolutions of an issue, H.R. 11750 also makes provisions for the use of impartial and binding arbitration to see that the rights of workers are fully guaranteed and fully protected.

Then—another first—Post Office employees would be given the incentive and opportunity to advance their careers as far as their own abilities and energies would carry them. They would no longer be hamstrung by the current system frustrating restrictions, under which nearly two-thirds of all postal workers reach retirement age in the exact same job for which they were originally hired.

On all these counts, therefore, we can see nothing but good emanating from the corporation, and we urge quick Congressional passage of the President's bill.

THE MANPOWER AMENDMENT

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. ESCH. Mr. Speaker, tomorrow the House will consider an amendment which I will introduce to cut back on the total military manpower by the number of troops withdrawn from Vietnam. I view this as one of the most significant amendments to come before the House in its debate on military procurement. Passage of this amendment would assert, at long last, congressional authority over the constant and seemingly inevitable expansion of the military. Ever since the

Korean war, the Congress has abdicated its constitutional role over the raising of armies and has simply put its rubber stamp on the requests made by the Pentagon. By limiting the number of men in uniform, the Congress will serve notice that it believes that military expansionism must be brought under control.

The failure of the House of Representatives to scrutinize Defense budgets has been of great concern to me since I first took my seat here 3 years ago. There is no excuse for waste, inefficiency, and empire-building in the Defense Department than there is in any other department or agency in the Government. I believe this amendment is a small, but meaningful, first step in gaining control over the gigantic defense budget which eats up 50 percent of the taxpayer's dollar. Our strength can be maintained without waste and inefficiency in military spending.

This amendment guarantees that troops withdrawn from Vietnam will not be redeployed elsewhere, but will be deactivated. It would serve as a measure to assure that American boys withdrawn from Vietnam are not involved in another military action elsewhere in the world. It would serve as a check against the United States becoming involved in another Vietnam, without the full consultation of the Congress by the administration.

Mr. Speaker, I joined with four colleagues in a letter describing the details of the manpower amendment which we will consider tomorrow. I include the letter at this point in the RECORD:

CONGRESS OF THE UNITED STATES,

Washington, D.C., September 29, 1969.

Re Manpower Amendment to Military Procurement Authorization Bill.

DEAR COLLEAGUE: What should happen to the troops activated for Vietnam duty as they are withdrawn from Vietnam?

The Senate answered this question by passing overwhelmingly (71-10) an amendment to the military procurement authorization bill proposed by Senators Cook (R-Ky) and Bayh (D-Ind). The Cook-Bayh formula effectively requires that the overall strength of the Armed Forces be reduced by the number of men withdrawn from South Vietnam. Actually, it deals with the deactivation problem conservatively since it is estimated that about 800,000 troops are engaged directly or indirectly in Vietnam support operations. The amendment requires reduction in manpower equal to only the approximately 540,000 men directly involved in Vietnam.

The Cook-Bayh formula was accepted by both the Pentagon and by Senator Stennis on the floor of the Senate. See pages 25802-08, Cong. Rec. for Sept. 17, 1969.

We intend to offer an amendment when the House considers the military procurement authorization this week which is similar in principle to the Cook-Bayh amendment. The Committee bill reduces the strength of the Armed Forces by 175,000. But this just barely covers the 175,000 in troop cuts already announced by the Administration; it says nothing about what will happen to the additional Vietnam troops to be withdrawn.

We believe that our amendment is a reasonable and responsible approach to the question of what will happen to troops withdrawn from Vietnam. We believe it deserves widespread, bi-partisan support such as it received in the Senate because:

It guarantees that troops withdrawn from Vietnam will not be redeployed elsewhere but will be deactivated.

It does not involve the question of a withdrawal timetable from Vietnam. The amendment simply says that as troops are withdrawn from Vietnam, they are to be deactivated rather than redeployed elsewhere—such as Laos.

It would not tie the President's hand in the future. The amendment specifically provides that the manpower ceilings it enacts will not apply if a future national emergency is declared by the President or Congress.

It would not require any service to be reduced below its present statutory ceiling. Thus the Marine Corps, which is already at a level below its statutorily authorized strength (unlike the other three services), would not have to be reduced further under the amendment.

It would bring our post-Vietnam troop levels in line with what the Pentagon was planning before Vietnam. In 1964, military planners projected force levels of 2.7 to 2.8 million men. The 175,000 Committee reduction plus an eventual reduction of another 475,000 as troops are withdrawn from Vietnam would reduce overall U.S. troop strength from its present 3.46 million (the largest in the world) to about 2.8 million men. The amendment is also consistent with the MCPL report endorsed by 80 members of the House and Senate. Finally, Senator Stennis said on August 11 that he favored reducing military manpower "as soon as the shooting stops at least to the level it was before the war started." (Cong. Rec. at 23226).

It would save between \$3.2 and \$5.5 billion annually to the American taxpayer when troop withdrawals are completed. These estimates do not include related costs of operating and maintenance which would also be reduced.

It would restore Congress to its proper constitutional role of determining the size of U.S. military forces. The existing statutory limits on military manpower have been continuously suspended since 1950. This has meant that for all practical purposes the Pentagon, not Congress, set military manpower levels. The amendment would remedy this constitutional imbalance.

We would welcome you as a cosponsor of the manpower amendment or as a speaker in support of it on the House floor. Most important, we hope you will vote for this amendment for the reasons outlined above. If you would like to act as cosponsor, or would like more information on the whole problem of military manpower, call Joe Lundy, X4835, or speak to any of us on the floor.

A copy of the amendment which will be proposed to section 407 of the Committee bill is attached.

ABNER J. MIKVA,
WILLIAM F. RYAN,
OGDEN R. REID,
MARVIN L. ESCH,
DONALD M. FRASER,
Members of Congress.

PROPOSED MANPOWER AMENDMENT TO MILITARY PROCUREMENT AUTHORIZATION BILL

In addition, whenever the total number of persons serving on active duty in Vietnam is reduced on or after December 1, 1969, this limitation of 3,285,000 shall within 180 days thereafter be reduced by a like number. Nothing in this section shall be construed as requiring the reduction of the active duty personnel strength of any component of the Armed Forces below the level for such component prescribed by law.*

*NOTE.—Section 407 of the Committee bill already makes these ceilings inapplicable if the President determines that they "will seriously jeopardize the national security interests of the United States and informs the Congress of the basis for such determination."

**WE NEED AN INFORMED PUBLIC
MORE THAN AN ENTERTAINED
PUBLIC**

HON. HAROLD R. COLLIER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. COLLIER. Mr. Speaker, we are fortunate as citizens of a free nation to have the constitutional right of petition and freedom of speech among other basic privileges which are not allowed under a totalitarian system. Every citizen, however, has the same right to protection under the law to pursue his daily activities without molestation or infringement of his own liberties.

Each of us is responsible to abide by the laws which are established under a democratic system for our mutual protection. The right of petition does not carry with it the right to infringe upon the rights of our fellow men in a civilized society.

We may appeal the decision of a court, but no individual or group of citizens can be permitted to wantonly defy the courts and the laws of this land at their whim. Laxity in enforcing laws and indifference to flagrant violations have been too frequent in recent years, and we must not assume that the use of force or coercion through mass action can be justified or condoned regardless of the cause.

Because there are wrongs and inadequacies in every system and because there are disagreements between men of good will, we provide laws, enforcement agencies and courts to deal with these things in an orderly manner. To even suggest that any individual or group of individuals has the right to pick and choose the laws they wish to obey or disobey flaunts the principles of our civilized society. Carried to any extreme, this can only result in anarchy and its totally destructive aftermath.

In a recent speech before the Catholic Lawyers Guild, Mayor Richard J. Daley of Chicago summarized the problem which has plagued many of our cities and institutions of higher learning in recent times.

Mr. Speaker, I quote from that part of his address which provides food for thought in appraising the situation. Indeed, it is high time for reappraisal. Said Mayor Daley:

We can applaud the idealism of the younger generation even if we fail to see how tearing down existing institutions and rejecting established values must of necessity lead to an immediate better world.

While we of the older generation can acknowledge our weaknesses, we feel we can also take credit for some of our strengths.

We developed an economic and technological revolution which has increased the standard of living for millions in this nation. We made it possible to distribute political and economic power more widely than in any nation in history.

Our generation fought two wars to preserve liberty. We were the architects of the most generous programs of a victorious nation helping other lands. We have made friends of our former enemies and helped them bind their wounds, till their lands, and rebuild their factories. At home, we have stricken from the books those laws which discriminated amongst our citizens—an important

step toward providing equal opportunity. We have launched massive programs to help the most impoverished segment of our population. All this our generation has done—and we agree with the younger generation that much more needs to be done.

Another essential change affecting both generations is the impact of instantaneous communication.

Television, as no other method of communication, influences greatly not only the public which views that event but also the event being photographed.

Television has proved time and time again its great potential for bringing events into the home as they occur, often at the expense of editorial judgment. It presents fragments of events as the whole. The law would not permit in a court room a statement taken out of context to be entered into evidence—even though the fragment is true.

One of the primary ways that television and radio have sought to be objective is to present opposite sides of an issue. Often, however, these views are voices of extremes. For example, one may wonder at the balance or the wisdom of a discussion on a moratorium of the death penalty when one of the participants is situated in death row.

The extreme, the bizarre, the violent, the most theatrical presentations are offered to viewers and readers because they are moving and dramatic. This stress on the emotional content of issues adds to the polarization of attitudes.

Thomas Jefferson advised us of the necessity for an informed public—not an entertained public.

There is a blatant attempt at the trial of eight persons charged with creating a riot at the convention in Chicago last year to focus attention outside the courtroom and onto the streets.

As lawyers and judges, we hold sacred the right to a fair and impartial trial and we lend our total effort to the end that any man, no matter what the charge, may be tried fairly on the charge, and not on extraneous matters.

The courts are society's instrument to balance and resolve legitimate differences, conflicting rights and competing principles. This is fundamental to a nation of law. This all of us must defend regardless of individual views on the issues.

We have been discussing some of the basic stresses in our society which are behind the headlines and pictures we see in our media today. We can resolve these conflicts first of all by being men of good will and then by acting on the basis of principle. This responsibility is especially ours.

Many of you sit on the boards of great commercial enterprises, on the governing bodies of universities and colleges, and as directors of charitable, civic and religious organizations. And as lawyers, you advise clients.

You cannot stay on the sidelines. You can bring to any conflict the essential approach of the judicial process. To act on facts, not emotion—to demand the evidence be weighed—and to seek justice.

Above all, I would like to recall the words of St. Thomas More—what you cannot turn to good you must make as little bad as you can.

**INTEREST RATE CRISIS APPEAL
HAS BROAD SUPPORT**

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. MIKVA. Mr. Speaker, in early August representatives of many organiza-

tions attended an emergency meeting on the high interest crisis. At that meeting a broad consensus developed about what action the administration must take to fight the present outrageous level of bank interest rates. After the meeting, the statement which had been adopted there was circulated to the organizations represented at it. I believe it will be of interest to my colleagues to see the statement and to know the organizations which have endorsed it.

It is significant, Mr. Speaker, that the organizations endorsing the high interest rate crisis statement cover a broad spectrum of American life. There are labor organizations, there are organizations of Government employees, of teachers, senior citizen groups, farm groups, the homebuilding industry, the U.S. Conference of Mayors, and many, many more. The point is that the call for swift and decisive Government action to end the credit squeeze has broad, nationwide support. With this kind of consensus existing within the country, we are certainly entitled to ask "When will the President act?"

The statement referred to follows:

**STATEMENT FOR EMERGENCY MEETING ON HIGH
INTEREST CRISIS**

Interest rates in the United States have risen to the highest level in 100 years. The prime interest rate charged by banks has climbed to an astounding 8½ percent. The discount rate paid by banks for loans from the Federal Reserve has skyrocketed to 6 percent, the highest rate since 1929.

The bitter fact is that the country is in the grip of a high interest rate crisis that portends grave consequences for the American people. Already the ordinary citizen is priced out of the home buying market. Even middle-income families cannot afford the 8½ to 10 percent interest cost which inflates the price of new housing. This is especially true of lower wage earners.

The Federal government is also forced to spend more of its income on interest. Whereas the interest on the Federal debt was \$14 billion in 1968, it is estimated to reach \$16 billion for 1970. The obvious result of this interest rate escalation is that the Federal government will have \$2 billion less in 1970 to spend on needed services than in 1968.

The proponents of high interest insist that a high interest rate policy is necessary to take the steam out of inflation. During the 1950s, increases in the prime rate were followed by recession—the recessions of 1954, 1958 and 1960 all were preceded by an upswing in interest rates. Instead of achieving economic stability, recession and unemployment followed. The social and economic costs of the high interest rate policy are too great—especially since there are other, more direct ways, to control inflation.

High interest rates are not ordained by nature. They are man-made—made by bankers seeking greater profits and government unwilling to take positive action in favor of the borrower and the public generally. The time to drive down interest rates is now, before the grim toll of economic recession is again exacted from the American people.

Therefore this Emergency Meeting on High Interest Crisis, representing millions of people on every level of American life:

1. Calls upon the Administration, through the Department of Justice, to investigate possible antitrust violations by banks in connection with the recent prime interest rate increases. The virtual unanimity of banks in adopting the higher rates strongly suggest the possibility of a conspiracy.

2. Urges the President to publicly declare

his opposition to the high interest policy of the Federal Reserve Board and use his great influence and power to bring about a rollback in interest rates.

3. Asks the President to withdraw tax and loan accounts, on which no interest is paid to the government, from those banks which refuse to cooperate and continue to raise interest rates.

4. Calls upon Congress to pass legislation that will curb interest rates, and direct the Federal Reserve Board to sharply reduce the current exorbitant cost of credit.

Finally, it is becoming increasingly clear that the nation's social needs have a low priority on the agenda of commercial banks and the Federal Reserve System. The backlog of desperately needed housing, schools, hospitals, natural resources development, transit, pollution abatement, and other public facilities, bears with crushing weight on our society. Our failures in these fundamental areas of human need will be gravely aggravated if the present high interest rate crisis is allowed to persist. The tools to reverse the upward trend of interest rates exist; we call for their use.

We suggest to the Administration, to Congress, to the Federal Reserve System, and to the banks that the American people will expect prompt and meaningful action if a disaster is to be avoided.

Organizations agreeing to the high interest statement adopted by individuals assembled at the New Senate Office Building Auditorium, August 5, 1969:

Amalgamated Meat Cutters & Butchers Workmen.

American Federation of State, County and Municipal Employees.

American Federation of Teachers.

American Flint Glass Workers Union of North America.

American Public Power Association.

American Association of Retired Persons.

Basin Electric Power Cooperative.

Brotherhood of Painters, Decorators and Paperhangers of America.

Consumer Federation of America.

East River Electric Power Cooperative.

Glass Bottle Blowers' Association of U.S. and Canada.

Group Health Association of America.

Industrial Union Department, AFL-CIO.

International Association of Fire Fighters.

International Association of Machinists and Aerospace Workers.

International Brotherhood of Electrical Workers.

International Brotherhood of Operative Potters.

National Association of Counties.

National Association of Home Builders.

National Association of Housing & Redevelopment Officials.

National Association of Retired Civil Service Employees.

National Consumer League.

National Council of Senior Citizens.

National Farmers Union.

National Grange.

National Institute of Governmental Purchasing.

National League of Cities.

National Retired Teachers Association.

National Rural Electric Cooperative Association.

National Telephone Cooperative Association.

South Dakota Consumers League.

United Cement, Lime and Gypsum Workers International Union.

United Glass and Ceramic Workers of North America.

United Housing Foundation.

United Steelworkers of America.

United Stone and Allied Products Workers of America.

U.S. Conference of Mayors.

Window Glass Cutters League of America.

NATION'S CHILDREN NEED CARE

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. O'NEILL of Massachusetts. Mr. Speaker, I would like to include in the RECORD a statement of Thomas P. O'Hearn to the Senate Subcommittee on Agriculture and Forestry.

Tom O'Hearn is a close and dear friend, a man who is very concerned with the welfare of our Nation's children. At the present time, he is serving as the chairman of the legislative committee, American School Food Service Association; and as the director of food services for the department of education in the archdiocese of Boston.

When one considers the vast wealth and resources of this country, it seems rather absurd that our children are unable to receive adequate nourishment; nourishment which would most certainly result in an increased interest in study and the pursuit of knowledge. How can a child learn when he has not had sufficient food to keep himself alert and active? As Mr. O'Hearn points out, the cost of food is rising, and it seems only logical to provide for an increased allocation of funds to be used to purchase food for our schoolchildren.

I commend Tom O'Hearn's statement to my fellow colleagues. He is a compassionate man; his statement is eminently reasonable and reflects his concern for the welfare of America's children.

The statement follows:

STATEMENT OF THOMAS P. O'HEARN

I am most grateful for the opportunity of appearing before you and your Committee. My panel associates are most distinguished and I am proud to be associated with them in a common effort to alleviate the physical plight of an estimated 7,000,000 of our nation's school children. Well documented nutritional evidence is available indicating this estimate to be reasonably accurate. I would also like to thank Dr. Perryman for his efforts in arranging for our appearance here today.

For quite some time now various news media have been reporting these estimates under a variety of distressing headlines such as "Hunger U.S.A.", "The Hungry Americans" and "Poor Children Can't Have School Lunches". Unfortunately public opinion seems to be placing the blame on the Congress for not having succeeded by now in closing this apparent nutrition gap. This disturbs me, because realistically the Congress should not be expected to bear this responsibility alone.

I do not take this position in a patronizing way, but because of a strong feeling that a majority of us responsible for school food services should have, long before now, communicated to the Congress in a more dramatic way the inevitability of our present crisis. We all have been attempting to solve problems by small measures when a full measure of assistance would have been the ounce of prevention initially needed, rather than the pound of cure essential now, in the fight to alleviate the plight of all of our undernourished children.

During the past school year the Congress provided a small measure of assistance in appropriating an additional \$43,000,000 for use by the States in initial attempts to feed the most needy children. Within the limitations imposed by the amount of the

appropriation only limited progress was made. Greater advances must be made and we have a responsibility here today, Mr. Chairman and Members of the Committee, to acquaint you not only with what has been done, but, as well, with some idea as to what additional financial assistance is needed to complete the job.

Prior to the availability of the additional \$43,000,000 only about 2.5 million needy children had been receiving free or reduced priced lunches each day. During the latter part of the 1968-69 school year this number increased to 4 million children per day. Had these additional children been receiving lunches during the first part of the last school year an appropriation of \$77,000,000 would have been necessary.

Approximately 3,000,000 additional children must be served each day, if our common objectives are to be reached. Many of these deprived children reside in large urban areas and are being educated in antiquated school buildings. Problems relating to building replacement, redistricting and the locating of central kitchen facilities contribute to an unavoidable slow rate of progress in the extension of essential food services in most of these areas.

The Commonwealth of Massachusetts for example still has at least 600 public and parochial schools in 29 cities and towns in which school lunches are not available. Although authorities in these areas may be interested in installing necessary facilities they are unable to do so due to a lack of funds. Inflated general education costs appear to be exhausting available local tax dollars. An estimated \$4,000,000 would be needed to install food service equipment in these schools.

During the past school year Massachusetts received an allocation of \$717,292 out of the \$43,000,000 appropriated on an emergency basis. To reach all visible needy children during the present school year a minimum allocation of \$1,800,000 will be needed. An increased allocation of equipment monies for distribution by the Commonwealth to needy cities and towns is also essential on an equitable matching basis. Although these statistics apply only to Massachusetts, I am confident that they reflect the situation as it exists, with slight variations, in all other States. It is only with this thought in mind that they have been presented.

We have been invited here today, Mr. Chairman and Members of the Committee, to express our views on the provisions of S 2548 introduced by Senator Talmadge. This legislation in providing for increased appropriations and calling for greater contributions by the States basically represents an enlightened approach and, if enacted, would provide the nation temporarily with a most formidable weapon to use in its fight to eliminate malnutrition among children. My temporary qualification is premised on a conclusion that monies in addition to those called for in this bill will ultimately become necessary, if the Congress should decide to provide a full measure of assistance.

Since 1946 a provision of the regulations issued under the National School Lunch Act has established a maximum reimbursement rate of .09 cents on a Type A lunch. In compliance with the intent of the matching provisions of the Act a few States such as New York, Massachusetts, Utah, Louisiana, Vermont and New Jersey are presently appropriating monies for School Lunch Program purposes. New York and Massachusetts laws stipulate that monies appropriated may not exceed amounts needed to maintain reimbursement rates at the present maximum allowable rate of .09 cents per lunch. It is very difficult for many of us to understand why this maximum rate has not been periodically adjusted to compensate for the significant food cost increases which have taken place since 1946. To correct this inequity, I strongly

ly recommend that the following amendment be inserted in Section 7 of S. 2548 as Item (b) and that the succeeding items in this section be re-lettered: (See Appendix)

In my opinion failure to adopt this Amendment will result in hundreds of thousands of children being deprived of needed lunches unless they become an additional Section 11 responsibility. Approximately 16% of our needy children presently are being provided for under this program. It is evident that the indicated funding provisions of S. 2548 are not intended to assume this additional burden. In addition, if States continue to be restricted by this unrealistic maximum rate, many more worthy children may well be priced out of the program.

It should be pointed out at this time that this suggested formula for establishing a realistic maximum rate would not in any way commit the Congress to an additional Section 4 appropriation. It would, however, permit the States to appropriate voluntarily additional monies to the program in conformity with the suggested matching provisions of S. 2548.

Mr. Chairman and Members of the Committee, I urge you to recommend favorably the passage of S. 2548 subject to the Amendment which I have recommended. The enactment of this legislation by the Congress would contribute immensely to the future good health of millions of our nation's children. We cannot afford to gamble with the future for too soon it will be the past. Thank you very much.

APPENDIX

Section 8 of the National School Lunch Act is hereby amended by inserting the following sentences immediately after the first sentence in this Section.

The Secretary in establishing the maximum rate of reimbursement which states may pay schools for meeting the prescribed minimum nutritional requirements shall take into consideration the actual national average purchase cost of food necessary to provide such meals. However, in no event shall the Secretary set the maximum rate of reimbursement at less than 50% of the current national average cost of food per meal in each fiscal year. Nor may the states or USDADO wherever applicable reimburse schools in an amount which is in excess of this rate times the number of meals served or the actual cost of food purchased whichever is the lesser. Except that in schools meeting the established criteria for need the Secretary may establish a rate in excess of 50% of the national average cost of obtaining food.

SOUTHERN UNIVERSITIES STUDENT GOVERNMENT ASSOCIATION

HON. CHARLES H. GRIFFIN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. GRIFFIN. Mr. Speaker, at a time when daily headlines draw our attention to continued campus unrest and violence, it is refreshing to note the organization of a responsible student voice—Southern Universities Student Government Association.

SUSGA rejects revolution as the primary vehicle for social change. Instead, it appeals to the rational student seriously concerned over our Nation's problems and ills who want changes within a lawful and stable environment.

Unlike the SDS, and other Marxist-oriented groups, SUSGA makes no attempt to dictate college or university

policies or to function as a political organization. Nor does it vilify or denounce national leaders or agencies. By the free exchange of ideas and experiences, SUSGA intends to provide for effective, responsible student governments—the basis for future leadership and sound citizenship.

I commend the following article which appeared in the Jackson, Miss., Clarion-Ledger on August 10, 1969:

[From the Jackson (Miss.) Clarion-Ledger Daily News, Aug 10, 1969]

SUSGA ON CAMPUSES: SOUTHERN COLLEGIANS LEAD IN "RESPONSIBLE" MOVEMENT

(By Bill Marble)

Construction instead of destruction, unity rather than disunity, is the goal of a student organization with deep Mississippi roots that seeks to provide a responsible student voice on the national level.

The organization, Southern Universities Student Government Association, or SUSGA, presently claims membership in only a dozen states. But through a program of regeneration backed by nationally prominent persons, it hopes to change all that.

Included among those who have expressed an interest in and support of the association in its task of achieving national status are former Secretary of Agriculture Orville Freeman, syndicated columnists Jack Anderson and Paul Scott, CBS newscaster Roger Mudd and former Vice President Hubert H. Humphrey.

SUSGA, its leaders say, exists to serve the students of its member schools in building effective representative governments on their campuses. Its ultimate goal is to help produce individuals who are not only campus leaders, but who also will carry their leadership characteristics into society when they graduate.

The South quietly has taken a leading role in meeting the changes of this era. SUSGA, the second largest student government association in the United States, has been a key factor both in keeping Southern colleges and universities abreast of the trends in student opinion and in averting the violence which has disrupted schools throughout parts of the nation.

Unlike any other regional or national student association, SUSGA does not attempt to serve as a policy-making or political organization. Nor does it condemn or ridicule government leaders, agencies or policies or other individuals of this country.

The association enables student leaders to exchange ideas and experiences in order to provide more effective student governments—the basis for leadership, service and citizenship.

STUDENT AWARENESS

Through SUSGA conferences and publications, student leaders are made aware of the wide range of programs and activities suitable for their individual campuses.

SUSGA is not stagnant. It deals with topics relevant to today's campuses. The annual conference is geared toward exploration of every area of student government—academic involvement, human relations, the relationships between students and administrators and the services student governments can provide on their campuses.

Officers of SUSGA are students elected each year at the annual conference. They serve one year and work with the advisers selected to coordinate activities.

Although SUSGA has come a long way in the less than two decades of its existence, the future yet holds many gray areas—problems which lurk in the background for student governments or new ones which arise as old problems are solved.

SUSGA serves a changing climate in Southern higher education. It has proved

itself to be an effective sounding board for new ideas and a dynamic force challenging students toward leadership and self-realization, despite the pitfalls inherent in such a program.

REAL DEMOCRACY

SUSGA, declared one officer, is "democracy in practice."

The SUSGA influence within the state of Mississippi is a profound one. Its local affiliate, the Mississippi Intercollegiate Council (MIC), was founded in 1947.

MIC, the first statewide student government organization in the United States and one of the oldest of any kind in existence, traditionally has rejected affiliation with what its president Bill Cole termed "the more irresponsible elements of the nation's students."

MIC meets twice annually with membership having grown from the original four schools to almost 30 junior and senior colleges.

Student representatives of the member schools converge to discuss common campus problems and to establish channels of communication and understanding among all segments of the college community.

POSITIVE PLAN

According to Cole, a senior at the University of Mississippi who also serves on the SUSGA board of directors, said both MIC and SUSGA felt it was time for the establishment of a body to present a positive alternative to "the extremism of Students for a Democratic Society and the National Student Association."

"We are trying to combat the SDS-NSA image by providing a sounding board to discuss all issues—while refraining from endorsing political philosophies, candidates or legislation—as a better way to resolve problems and prevent confrontations on campuses and in the streets," Cole said.

"Through MIC, we have shown how this has been accomplished within the state," Cole added.

RHODESIA—IT IS HERE TO STAY

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 2, 1969

Mr. RARICK. Mr. Speaker, in less than 2 months from today Rhodesia will be celebrating the fourth anniversary of its independence from British rule.

Mr. Ray Vicker recently has prepared two reports covering the progress in Rhodesia under self-government.

From his reports we learn:

First. Rhodesia is booming despite U.N.O. sanctions and expects a 10-percent increase in gross domestic product in 1969.

Second. African nationalist guerrillas pose no problem, though evidence indicates they are getting strong Communist backing.

Third. Many countries are winking at sanctions, including black-ruled countries in Africa that officially are waging economic war with Rhodesia.

Fourth. The United States enthusiastically cooperates in the boycott, although it is forcing American chrome buyers to deal with Communist Russia at prices 50 percent higher—actually more—than Rhodesian chrome.

Fifth. Sanctions are not affecting Rhodesia's survival but are damaging to the

prospects of expanding opportunities for black employment.

It has come time for the United States to come to terms with the realities of the situation in Rhodesia. Our Government has no alternative but to recognize progress, even under the most difficult conditions. Rhodesia is there. It will not go away.

I call on the President to use the prestige of his good office to see that the sanctions are dropped and further that the United States officially recognize the Government of Rhodesia.

The two articles by Ray Vicker from the Wall Street Journal follow:

[From the Wall Street Journal, Sept. 22, 1969]

IN AFRICA, A SHIFT IN POLITICAL WINDS
(By Ray Vicker)

VICTORIA FALLS, RHODESIA.—In London, representatives of an African guerrilla organization had contended that this part of the Zambezi River Valley formed Africa's newest battleground between blacks and whites in Southern Africa. Now, as the rented Datsun follows the curves of the river road, nothing stirs.

On the far Zambia side of the island-studded Zambezi, a cluster of Tonga huts squats on the bank, inhabitants either elsewhere or enjoying a siesta. A crocodile suns itself on a glittering, white sand bar, while somewhere an unseen hippo snorts like an annoyed pig. Softball sized elephant droppings stud the winding road. The elusive elephants are nowhere in sight. Neither are any African Guerrillas.

In fact, a 50-mile drive from Victoria Falls to Kazungula fails to produce anymore action than a few Rhodesian fishermen and picnickers along the river. And at Kazungula, where South Africa's Caprivi Strip, Zambia, Rhodesia and Botswana rub shoulders uneasily, a South African border guard contemptuously says: "African guerrillas? They're all up in Dar-Es-Salaam driving their Mercedes sedans, occupying their seaside villas, and printing statements about imaginary battles along the Zambezi."

Indeed, along the Zambezi and elsewhere in Africa's "guerrilla country" it soon is evident that African nationalism is making little progress against entrenched white Africa. Moreover, the political winds of change may no longer favor the nationalists.

After March, 1957, when Ghana won its independence, it had seemed as if the forces of change were irresistible. One colonial regime after another was swept away, to be followed by independent African rule. An atmosphere of romance and radicalism hung over African nationalist leaders. They attracted liberal support from around the globe.

It became popular to predict that the wind of change would blow white Africans from control pedestals everywhere, leaving Rousseauesque black African states behind. It was also popular to claim that "South Africa is living on a volcano," about to explode, that "Portugal is too poor to hold African territories for long," and more recently that "Rhodesia can't maintain independence" in the face of United Nations sanctions.

MYTH AND FACT

Today, there are 42 independent nations on the African continent, including Rhodesia. And those statements about the white-controlled nations sound more and more like the wild claims of African nationalists regarding mythical guerrilla victories in Southern Africa.

Only a handful of Africa's peoples have won independence since Rhodesia declared its Unilateral Declaration of Independence in November, 1965. Botswana and Lesotho, two geographical appendages of South Africa, ob-

tained independence from British rule in 1966. Swaziland, another such state, followed in 1968, along with Equatorial Guinea and Mauritius. (The Mauritius might more rightly be classified as an Indian Ocean state. But it is looking to Africa for economic ties.)

Meanwhile, South Africa, Rhodesia and the Portuguese territories of Portuguese Guinea, Mozambique and Angola remain under white rule. And only the most fervent optimist believes the situation will change at any time in the foreseeable future.

"African nationalism has reached the Zambezi river. It will come no further," says Balthazar Johannes (John) Vorster, South Africa's Prime Minister.

Charles E. Bedaux, an American management consultant with offices in Johannesburg, says: "When companies interested in locating here ask me how long this country can go on before the racial explosion occurs, I tell them: 'Whites will be in control here for at least another fifty years. What happens after that doesn't matter, now.'"

That's only an opinion, of course. Nevertheless, it now is evident here that African nationalists have woefully misjudged two factors on this continent: The strength of Southern white Africa; and the strength of tribalism in all Africa.

African nationalism never was a widespread yearning for liberty from black Africa's 230 million people. Rather it was the creation of Africa's thin stratum of Western educated intellectuals, a group never more than a tiny fraction of the total population.

Admittedly, in the right climate, this nationalism can stimulate a following. Britain, Belgium and France, and to a lesser extent Spain, provided such climate in the post World War II period. They decided to decolonize, come what may, making it relatively easy for the nationalist intellectuals to lead their nations to independence. But these bloodless separations created a false picture of nationalist strength. Only two nations of black Africa—Kenya and Madagascar—actually fought for independence. Other murderous upheavals in black Africa came after independence was achieved, whether in the Congo, in Burundi, Rwanda, the Sudan, Zanzibar (now part of Tanzania) or Nigeria.

Only in white Southern Africa did the nationalists meet real resistance.

There, they turned to violence. Russian and Red Chinese training and weapons have helped to forge guerrilla armies which seek to wage war against Angola, Portuguese Guinea, Mozambique, Rhodesia and South Africa.

But after eight years of trying, Angola still is as Portuguese as it was in 1961. Only a small part of Northern Mozambique is affected by the five-year-old war there.

Guinea, a hot, swampy country of throbbing drums and drenching rain, is wedged between two African nationalist nations which provide support for guerrillas. But even with that help, guerrillas are stalemated after seven years of war.

South Africa is virtually unaffected. Rhodesia proves far stronger than nationalists figured. In Salisbury, one Rhodesian government official grimly relates the story of a guerrilla attack in force across the Zambezi about 18 months ago: "Our forces cut them to pieces," says this official.

Then he explains that about a year ago, another buildup of guerrillas was noted on the Zambian side. Rhodesian helicopters hovered over the river while loud speakers carried taped messages which said in effect: "Come on across the river. We're waiting for you." Guerrillas faded into the bush, and haven't been seen here since.

Today it is doubtful that any of the various guerrilla groups in the field can mount more than a few hundred men at any one time. Moreover, units suffer from the fact that "everybody wants to be chief," as one

Rhodesian phrases it. So groups splinter, then splinter some more as victory seems further and further away.

Meanwhile, tribal splits have become evident all through Africa. The splits suggest that there is no black-white confrontation in Africa, simply because there is no black front in Africa. An African in South Africa regards himself as a Zulu, or Xhosa or Basuto, or something else, not as a member of a black race where everybody shares common grievances. In Rhodesia the African sees himself as a Matabele or Mashona. In Zambia there are the Bemba, the Lozi, the Tonga and scores of other tribes.

There is no more political unity among most of these tribes than there is between white Swedes, Italians, Poles and Englishmen. There also is a good deal less cultural unity.

Tribal conflict is more evident in the current attempt of the Ibo tribe to carve the new nation of Biafra from Nigeria. It has been a factor in black versus black wars which have cost the lives of 3.5 million Africans since nationalism became a factor in African politics, according to one North Atlantic Treaty Organization source.

ALIEN TRIBES

Often a guerrilla group can wield a sizable force from one tribe as is the case with Frelimo, the nationalist movement in Mozambique. It has sizable support in the Makonde tribe which straddles the Tanzania-Mozambique border. But when the Makonde guerrillas move into another tribal area, they are viewed as the alien enemy. Local Africans betray them to the Portuguese.

This is true in many other places in Africa, too. Rhodesia, for instance, has only two main tribes, the Mashona and the Matabele. "They get along now because whites still are in control," says C. G. Tracey, a Salisbury businessman who was born and raised in Rhodesia. "If we weren't in control, these two tribes would be at each others' throats, as they were when the first settlers came to this country."

This is not a pleasant picture, of course, for the African nationalists. But too often they have substituted wishful thinking for ingenuity in facing problems. For example, they like to avert that history and sheer numbers alone will decide issues in this part of the world.

"This ignores the fact that 40,000 Romans were able to keep a million and a half Britons in subjection for 400 years," says another Rhodesian businessman. And that was before modern technology added a new dimension to the power of industrialized peoples.

Rhodesia, Portugal and South Africa have jet air forces. Portugal has some of the best weaponry NATO can provide, as African nationalists like to emphasize from time to time. South Africa is advanced enough to build its own missiles, and perhaps atomic bombs, too, were they considered necessary. Rhodesia and South Africa have developed economies which produce everything from complex electronic equipment to automobiles. And all three countries have manpower capable of handling the intricate gadgets and weaponry which provide heavy firepower to a comparative few.

If numbers alone decided political fates, little Israel with its two million people would have been beaten long ago by the 100 million Arabs from Morocco to the Persian Gulf. Those 50 to one odds, of course, are longer than the 20 to one odds faced here by 228,000 Rhodesians if all the blacks in the country had one united opposition voice, which they do not.

This is one reason why a visitor can drive along the Zambezi river by himself without much chance of encountering any African guerrillas. That situation could always change if pressure from southern Africa continues and starts to accelerate.

But there's nothing right now which indicates that, even with massive Communist help, much progress is being made.

RHODESIA: BOOMING DESPITE SANCTIONS (By Ray Vicker)

SALISBURY, RHODESIA.—What happens when the United Nations leads a world-wide economic boycott of a little country with only 4.8 million people?

If the country is Rhodesia, it has the biggest boom in its history, with a net inflow of new settlers, an economic revolution that launches dozens of new industries, sets off a boisterous stock market advance, and strengthens wills all around. That's the picture that emerges after talks with dozens of government figures, businessmen, bankers, farmers and ordinary citizens in this ruggedly individualistic land.

Prime Minister Ian Smith, in an interview, underscores the picture of a country on the go. After estimating that the country's gross domestic product will rise 10% this year over last he adds, "This is happening despite the fact that we sometimes must discount prices of our products to sell them on world markets, while paying premium prices for the goods we buy."

That 10% figure comes after deducting a 2½% inflationary factor from an estimated upsurge of nearly 13% this year. Moreover, the estimate is backed by solid figures of exports, interviews with numerous company officials here and first-hand observation.

All this expansion makes for a growth rate matched by few countries on earth, none in black Africa. It's enough to give Rhodesia a GNP of \$1.2 billion this year, well above the \$986 million level of 1965, the year of Rhodesia's unilateral declaration of independence, or UDI as it is known here.

The Rhodesian leader sits in his parliament building office beneath a drawing of Cecil Rhodes, pioneer empire-builder of Africa. He also voices a racial theme akin to that of Rhodes. "Equal opportunity for all civilized men." He emphasizes that Negroes are getting and will continue to get the vote as they measure up to earnings and educational standards. And he hopes the vote will be expressed in a multiracial society. "Apartheid along South African lines is a practical impossibility here," he says.

In jaunty mood he also outlines developments in this California-sized country. The economic sanctions are being circumvented. African nationalist guerrillas pose no problem, though evidence indicates they are getting strong Communist backing. A new constitution is being prepared that will allow further gradual expansion of the African vote. The country is to become a republic when that constitution is introduced "probably next March, April or May," depending on the mechanics of implementation. Several nations are expected to recognize Rhodesia then, and the sanctions will probably fade away. Indeed many of them seem to have faded already.

LONDON VS. SALISBURY

The UN sanctions were initiated at British instigation after UDI. Britain refused to certify the independence of its colony, contending that more political rights must be accorded the nation's 4.5 million blacks by its 228,000 whites. Prime Minister Smith led Rhodesians in insisting that the pace of Negro political development would be set here, not in London.

The sanctions program, which began with all the elements of a spy novel, may be degenerating into a gumshoe comedy. Initially, British secret agents poured into Belra and Lourenco Marques, key Mozambique ports through which Rhodesian goods had moved. Agents snooped into cargo manifests, investigated ship loadings, warned the UN about suspicious ships with Rhodesian cargoes. The

British foreign office applied pressure on governments suspected of allowing their citizens to trade with Rhodesia.

But Rhodesians are evading the boycott. In Addis Ababa, Diallo Telli, secretary-general of the Organization of African Unity, complains that "the UN sanctions policy against Rhodesia is an utter failure." Instead of looking like a besieged city, Salisbury is prosperous. It is an antiseptic city of broad walks, green parks and high-rise buildings. Its outer circle contains an array of ranch-type homes set on spacious lawns, most with swimming pools.

The O. K. Bazaar, like other of the city's department stores, teems with shoppers. Appliance stores display Grundig and Zenith radios, Sony and Akai tape recorders and various other electronic gadgets from major nations of the world. New French-made Citroen and Peugeot automobiles vie with German-made BMW cars. There are so many automobiles on streets that parking is a problem. A gasoline station attendant scoffs at suggestions of the world. New French-made Citroen gives you 100 gallons if you can pay for it, he says. Meikles Hotel, one of the best in town, offers French wines on its ample menu in the chic La Fontaine Room. American films such as "The Prime of Miss Jean Brodie" and "MacKenna's Gold" are featured at theaters.

Jan Brinker, a long-legged and elegant blonde from San Francisco, packs them in nightly at "La Boheme" nightclub where she is the singing attraction. Also on the program is Nadja, "The Nymph of the Nile," a stripper. Her special 5:30 p.m. show catches numerous tired businessmen on their way home. None seem to be thinking about sanctions when Nadja reaches the climax of her act.

D&M Williams travel agency is advertising 34-day Caribbean cruises at fares of from \$1,236 to \$1,736. German quality footwear is plugging a new shipment of ladies' shoes from Italy, while the Salisbury Jaycees are holding stock exchange investment courses aimed at explaining market operations to potential investors.

The Salisbury stock exchange reflects the boom. Early this month the industrial shares index kept by L. Waugh & Co., a Salisbury stock brokerage, stood at 356.9 (January 1963 equals 100). In October, 1965, just before UDI, it was 171.3. Moreover, the current level is down from the peak attained May 9, 1969 of 434.2.

Rhodesia's diversified economy is a big reason for the country's success in surmounting sanctions. "If we had a single-crop economy, things might have been awkward," says Prime Minister Smith. "But we make hundreds of different things and it is difficult to enforce sanctions in such a situation."

Rhodesian tobacco production, 132 million pounds annually, now is just about in balance with the country's ability to sell the crop. Of course that total is only half the 260 million pounds produced in the UDI year of 1965. Farmers have shifted to production of cotton, corn, wheat and other crops, which helps conserve foreign exchange.

In manufacturing, too, Rhodesia is becoming self-sufficient in scores of fields, becoming an exporter in others. "We've gone into the manufacture of simple farm tools such as disc plows, harrows, graders and peanut shellers," says John D. Cameron, managing director Bain & Co., Rhodesia Pty Ltd., Salisbury. This farm implement dealership has a volume of around \$2.5 million annually and has the International Harvester agency in Rhodesia. Proudly Mr. Cameron says: "We can produce and sell the items we're now making 10% cheaper than the imports."

Rhodesians now are even manufacturing Dumbarton brand "Scotch" whisky, using sugar alcohol as a base. "The first two drinks are bloody awful. Then it goes down all right for your throat is numb," says one booster of

this local Scotch. Rhodesian manufacturing ingenuity is found in scores of other areas from quality textiles to electronic equipment.

Tourism has rallied, too, after falling immediately after UDI. A record 266,421 visitors entered Rhodesia last year, and the total so far this year is 6% higher. The Victoria Falls Hotel had a full house on a recent weekend. The nearby casino does a brisk business at tables. On Lake Kariba, a yachting regatta attracts a crowd, while the Zimbabwe ruins draws busloads of tourists. Earnings from tourism will amount to more than \$20 million this year.

Mine production is booming. Union Carbide Corp. operates the world's largest chrome mine, under government aegis. This and another big mine account for about 5,800 tons of ferro-chrome alloys annually. Nickel production is being expanded sharply by the Anglo-American group of South Africa and the RTZ group of Britain. Estimates are that both groups together will be producing at a rate of 28 million pounds of nickel annually next year. This would be equivalent to \$84 million at today's prices says one mining source—a substantial addition to Rhodesia's foreign exchange earnings.

Rhodesia is a gold producer too, and this is a valuable product, with the free market offering more than \$40 an ounce. Like many other things, the rate of output is secret. Evidence indicates, however, that about 455,000 ounces will be produced this year, about \$15.8 million at \$35 an ounce, or about \$18.2 million at \$40 an ounce. The latter price is the likelier for Rhodesian sales.

ALMOST A FIASCO

The sanctions are also falling because few nations support them vigorously. South Africa and Portugal rejected the sanctions outright. Both nations have solid reasons: If sanctions worked against Rhodesia, the UN might well apply them next to these two nations, under pressure from black Africa. So many Rhodesian products can be expected or imported through South Africa or Mozambique that the sanctions have become almost a fiasco. Rhodesian citrus fruits reach markets under a South African label.

Many other countries are winking at the sanctions. Officially, black-ruled Zambia is waging an economic war with white-ruled Rhodesia. Nevertheless, a Zambian National Tourist Bureau bus carries travelers from Livingstone airport in Zambia to the Victoria Falls Hotel in Rhodesia. The bus crosses the Zambezi on the joint road-rail bridge just below the mighty falls discovered by David Livingstone. A Rhodesian Railways freight train trundles northward on the single track, toting about two dozen carloads of South African products plus a half dozen cars of Rhodesian coal for Zambia.

Like Rhodesia, Malawi and Zambia export tobacco. So Rhodesian bills of lading can sometimes be doctored to make it appear as if the tobacco originated in neighboring countries. Rhodesia is paying its farmers about 29 cents a pound for top grade tobacco, though comparable tobaccos sell at 55 to 58 cents a pound on world markets. This gives the government plenty of leeway for discounting. Discounts attract buyers from Continental Europe or elsewhere.

Britain, of course, is supposed to be leading the sanctions drive, and British Overseas Airways Corp., is a government-owned company. Still, the Rhodesian Herald here contains a quarter-page BOAC ad offering to fly Rhodesians to Paris, London Rome and elsewhere.

BOAC planes no longer land here, but South African Airways does, and BOAC has a cooperative arrangement. After passengers have been whisked away from Salisbury on SAA, they can switch to BOAC at the closest transfer point. To expedite this business, BOAC still maintains an office in Salisbury.

U.S. SUPPORT OF BOYCOTT

The U.S. enthusiastically cooperates in the boycott. "America is one of the worst in trying to make sanctions hurt us," says Prime Minister Smith. The U.S. is even forcing American chrome buyers to deal with Communist Russia at prices 50% higher than Rhodesian chrome.

Still, says the prime minister, "Sanctions have drawn our people closer together. Overnight we have developed into a young nation." He cites the fact that 72% of the voting population voted for the new constitution, while 81% favored creation of a republic. That voting population is primarily

white, it is true. Mr. Smith points out, though, that nearly a quarter of the members of parliament are blacks, a fact often overlooked in discussions of white domination here.

Foot on desk, he leans back in his swivel chair to add: "As far as sanctions are concerned, we expect that they will gradually erode away." He shakes his head as he adds, "Unfortunately, it is the African who is suffering most because of sanctions. We employ the same number of Africans now as at UDI. But the African population is increasing and we should be increasing the total number employed. Sanctions keep us from doing that."

Then he expresses puzzlement about the American position in Africa. "Why is America persecuting us?" he asks. "The United States is one of the most active countries in enforcing sanctions against us. Yet we are holding the line here against Communist encroachment in Africa through Zambia and Tanzania."

Shaking his head again, he says, "We've fought alongside Americans in World War II. Now we've found the same weapons on Communist armed guerrillas here as are killing American boys in Vietnam. We aren't asking for a single dollar or a single American life or a single gun to help us. All we ask is that you leave us alone."

SENATE—Friday, October 3, 1969

The Senate met at 11 o'clock a.m. and was called to order by Hon. JAMES B. ALLEN, a Senator from the State of Alabama.

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

O Thou who hast promised that they that wait upon the Lord shall renew their strength, teach us in holy silences how to wait and how to listen that we may be strengthened by Thee, and, strengthened by Thee, we may love and serve Thee. May the drive of daily duties never crowd Thee from our inner being, but keep us so aware of Thy presence that our work may be our worship. Be in and with all who are in the service of this Nation that we may forward the day of Thy coming kingdom, the law of which is love, and the ruler of which is the Eternal God.

In His Name we pray. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate.

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 3, 1969.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. JAMES B. ALLEN, a Senator from the State of Alabama, to perform the duties of the Chair during my absence.

RICHARD B. RUSSELL,
President pro tempore.

Mr. ALLEN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, October 2, 1969, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States submitting a nomination was communicated to the Senate by Mr. Leonard, one of his secretaries.

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EXECUTIVE MESSAGE REFERRED

As in executive session, the Acting President pro tempore laid before the Senate a message from the President of the United States submitting a nomination, which was referred to the Committee on Commerce.

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

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Acting President pro tempore:

S. 2068. An act to amend section 302(c) of the Labor-Management Relations Act of 1947 to permit employer contributions to trust funds to provide employees, their families, and dependents with scholarships for study at educational institutions or the establishment of child-care centers for preschool and school-age dependents of employees; and

S.J. Res. 46. Joint resolution to authorize the President to designate the period beginning November 16, 1969, and ending November 22, 1969, as "National Family Health Week".

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, at the conclusion of the speech to be delivered by the distinguished Senator from Nebraska (Mr. CURTIS), there be a period for the transaction of routine morning business, with statements therein limited to 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered.

ORDER OF BUSINESS

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF SENATOR CURTIS

The ACTING PRESIDENT pro tempore. Under the order of yesterday, the Senator from Nebraska is recognized for not to exceed 1 hour, after which the morning business will be taken up.

TAX REFORM ACT OF 1969

Mr. CURTIS. Mr. President, I am opposed to changing the tax-exempt status of State and municipal bonds in any manner. Likewise, I am opposed to the provisions of the tax bill now under consideration by the Senate Committee on Finance relating to foundations and the giving of property of appreciated value. These are but parts of H.R. 13270, referred to by some as the "Tax Reform Act of 1969."

This measure, now before our committee, is potentially one of the most significant revenue bills ever to come before the Congress of the United States. I commend the Nixon administration, particularly Secretary Kennedy and the Assistant Secretary of Treasury for Tax Policy Cohen, the House Ways and Means Committee, particularly my good friends, the distinguished chairman of the committee, WILBUR MILLS, of Arkansas, and the very able ranking minority member, JOHN BYRNES, of Wisconsin, for the efforts they collectively have made in connection with tax reform. I served on the Ways and Means Committee for 10 years, and I speak with some appreciation of the tremendous amount of work that went into the House passage of H.R. 13270.

However, a good many basic public policy issues as well as public revenue issues are raised by many of the House tax reform proposals, and I am deeply disturbed that several provisions, if enacted, will be completely counterproductive in the terms of advancing what I consider to be the clearly defined national interest.

I refer, first, to the vehement opposition of State and local government officials to the House-passed provisions relating to the tax treatment of State and local bonds. The protests of those