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Congressional Record

PROCEEDINGS AND DEBATES OF THE 91st CONGRESS, FIRST SESSION

SENATE—*Friday, December 12, 1969*

The Senate met at 10 o'clock a.m. and was called to order by the Acting President pro tempore (Mr. METCALF).

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

O Creator Spirit, renew us in the depth and fullness of our being, as we offer our service to Thee this day. Give us hearts to love Thee, minds to know Thee, voices to speak for Thee, hands to serve Thee. Work in and through us Thy will for this Nation. When the evening comes grant us a good conscience, the assurance of work well done, Thy grace in our hearts, and the sleep of those who are righteous in Thy sight.

In the name of Him for whose advent we make ready. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, December 11, 1969, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LIMITATION OF STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that statements in relation to the transaction of routine morning business be limited to 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SERVICE OF SENATOR WILLIAMS OF DELAWARE AS A CONFEREE ON THE TAX BILL

Mr. SCOTT. Mr. President, in the colloquy at the end of debate on the tax bill yesterday, the distinguished senior Senator from Delaware (Mr. WILLIAMS), who had worked so very long, so very hard, and faithfully on the bill, requested release from service as a conferee.

There was a disposition among other Senators to object to the unanimous-consent request at the time. I discouraged that, because I felt it might be misunderstood as indicating some sort of opposition to the distinguished Senator's request. However, the purpose, of course, was obvious to us. It was an intention to express the desire of many Members of the Senate that Senator WILLIAMS indeed serve on the committee. His expertise is unquestioned. His commitment to a responsible fiscal policy is nationally recognized. His knowledge of the intricate details of the bill and his ability to follow the winding Indian trails of tax terminology are unparalleled in this body.

So I express what I strongly believe would be the view of most Members of the Senate on both sides of the aisle, and that is to urge the distinguished Senator from Delaware to reconsider, to give the Senate, Congress, and the country the benefit of his abilities. I am sure that we in the Senate know our own individual responsibilities so well that we would not expect him to be slavishly bound by every action of the Senate, but we will be the better off if he will serve and will exercise his own judgment on each and every item of the tax bill.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SCOTT. I am glad to yield.

Mr. MANSFIELD. Mr. President, I want to join with the distinguished Republican leader in a plea to the distinguished senior Senator from Delaware (Mr. WILLIAMS) to reconsider his request that he not be named a conferee, and that he undertake the responsibility which a conference would entail, if he would do so.

There is no man in whom I have greater confidence than the distinguished Senator from Delaware. I know that he has been consistent; and while consistency is not always a jewel, nevertheless, it is a virtue which stands up under duress and which marks a man for what he is—a man of dedication, a man of integrity, a man of great fiscal knowledge.

I believe that the Senator from Delaware was the only Member of the Senate during the 13 days of debate on the tax bill who did not vote for any amendment which was not mutually agreeable and acceptable and noncontroversial to both sides.

So I would hope that the Senator from Delaware (Mr. WILLIAMS) would reconsider and would agree to serve as a conferee. If he does, I think that the Senate, Congress, and the Nation will be better off.

Mr. SCOTT. I thank the distinguished majority leader for his joinder in this mutual expression.

I would think that the RECORD might show that only one other Senator, so far as I am aware, consistently voted against all amendments which would be in derogation of the Treasury position. If my memory is correct the junior Senator from Ohio (Mr. SAXBE) also was so recorded. But that is said only for the purpose of correcting the RECORD and not in any other connection.

Mr. MANSFIELD. I am delighted that the RECORD has been corrected to that extent.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare, the Subcommittee on Small Business of the Committee on Banking and Currency, and the Committee on Foreign Relations be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TRIBUTE TO SENATOR PROXMIRE AND OTHERS FOR YESTERDAY'S ACTION ON DISTRICT OF COLUMBIA APPROPRIATIONS

Mr. MANSFIELD. Mr. President, yesterday, the Senate passed the appropriations measure for the District of Columbia, and I wish at this time to pay a well-deserved tribute to the senior Senator from Wisconsin (Mr. PROXMIRE).

As the new chairman of the Subcommittee on the District of Columbia of the Senate Appropriations Committee, Senator PROXMIRE has already achieved great distinction. His handling of the bill yesterday established beyond question that he is fully familiar with all of the many problems and the needs that face the Nation's Capital. The Senate voted unanimously to approve the bill. That vote speaks better than any words for the outstanding competence and capability Senator PROXMIRE has brought to his new task.

Commendation is also due the senior Senator from Kansas (Mr. PEARSON) for his splendid cooperation and support. As the ranking minority member on the District subcommittee, he joined to assure the swift, efficient, and thorough consideration of the measure. Notable, too, was the contribution of the Senator from Missouri (Mr. EAGLETON). He urged his own strong views on the proposal, offering an amendment and urging it successfully. He is to be commended, as is the Senator from Virginia (Mr. SPONG), who on behalf of himself and the Senator from Maryland (Mr. TYDINGS), successfully urged a very important amendment.

What should be highlighted also is

the fact that in voting on final passage of this measure yesterday, it was the 1,000th consecutive vote for Senator PROXMIRE in the Senate. I think it was only fitting that he achieved this magnificent record on a bill that he managed. It only serves to highlight the fact that Senator PROXMIRE's dedication and devotion, his careful diligence, and splendid efforts are not excelled in this body.

THE CALENDAR

Mr. MANSFIELD. Mr. President, before the distinguished Senator from Wisconsin calls up several conference reports, I ask unanimous consent that the Senate proceed to the consideration of the calendar, commencing with Calendar No. 589 and ending with Calendar No. 592.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

HART MOUNTAIN NATIONAL ANTELOPE REFUGE, ETC.

The Senate proceeded to consider the bill (S. 3014) to designate certain lands as wilderness, which had been reported from the Committee on Interior and Insular Affairs with amendments, on page 1, after line 7, strike out:

(1) certain lands in the Hart Mountain National Antelope Refuge, Oregon, which comprise about forty-eight thousand acres and which are depicted on a map entitled "Hart Mountain National Antelope Refuge Wilderness Proposed", dated August 1967, which shall be known as the "Hart Mountain National Antelope Refuge Wilderness";

On page 2, at the beginning of line 4, strike out "(2)" and insert "1"; at the beginning of line 17, strike out "(3)" and insert "(2)"; on page 3, at the beginning of line 4, strike out "(4)" and insert "(3)"; and, after line 9, strike out:

(5) certain lands in the Malheur National Wildlife Refuge, Oregon, which comprise about fifty thousand six hundred acres and which are depicted on a map entitled "Malheur Wilderness Proposed", dated August 1967, which shall be known as the "Malheur National Wildlife Refuge Wilderness".

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, (a) in accordance with section 3(c) of the Wilderness Act (78 Stat. 890; 16 U.S.C. 1132(c)), the following lands are hereby designated as wilderness, and shall be administered by the Secretary of the Interior in accordance with the provisions of the Wilderness Act:

(1) certain lands in the Bering Sea, Bogoslof, and Tuxedni National Wildlife Refuges, Alaska, as depicted on maps entitled "Bering Sea Wilderness—Proposed", "Bogoslof Wilderness—Proposed", and "Tuxedni Wilderness—Proposed", dated August 1967, and the lands comprising the St. Lazaria, Hazy Islands, and Forrester Island National Wildlife Refuges, Alaska, as depicted on maps entitled "Southeastern Alaska Proposed Wilderness Areas", dated August 1967, which shall be known as the "Bering Sea Wilderness", "Bogoslof Wilderness", "Tuxedni Wilderness", "St. Lazaria Wilderness," "Hazy Islands Wilderness," and "Forrester Island Wilderness."

(2) certain lands in the Three Arch Rocks and Oregon Islands National Wildlife Refuges, Oregon, as depicted on maps entitled "Three Arch Rocks Wilderness—Proposed", and "Oregon Islands Wilderness—Proposed", dated July 1967, and the lands comprising the Copalis, Flattery Rocks, and Quillayute Needles National Wildlife Refuges, Washington, as depicted on a map entitled "Washington Islands Wilderness—Proposed", dated August 1967, as revised January 1969, which shall be known as "Three-Arch Rocks Wilderness", "The Oregon Islands Wilderness", and "The Washington Islands Wilderness";

(3) certain lands in the Bitter Lake National Wildlife Refuge, New Mexico, which comprise about eight thousand five hundred acres and which are depicted on a map entitled "Salt Creek Wilderness—Proposed", and dated August 1967, which shall be known as the "Salt Creek Wilderness"; and

(b) Maps of these wilderness areas shall be on file and available for public inspection in the offices of the Bureau of Sport Fisheries and Wildlife, Department of the Interior.

SEC. 2. Except as necessary to meet minimum requirements in connection with the purposes for which the foregoing areas are established and for the purposes of this Act (including measures required in emergencies involving the health and safety of persons within the areas), there shall be no commercial enterprise, no temporary or permanent roads, no use of motor vehicles, motorized equipment or motorboats, no landing of aircraft, no other form of mechanical transport, and no structure or installation within the areas designated as wilderness by this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 91–594), explaining the purposes of the measure.

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

PURPOSE

This bill, S. 3014, as introduced would have designated as units of the National Wilderness Preservation System, the Hart Mountain National Antelope Refuge, the Malheur National Wildlife Refuge, the Three Arch Rocks and Oregon Islands National Wildlife Refuges, all in Oregon; the Bering Sea, Bogoslof, Tuxedni, St. Lazaria, Hazy Islands, and Forrester Island National Wildlife Refuges, all in Alaska; the Copalis, Flattery Rocks and Quillayute Needles National Wildlife Refuges in the State of Washington, and the Bitter Lake National Wildlife Refuge in New Mexico. All of the lands are presently within the National Wildlife Refuge System, and no land acquisition costs are involved. These wilderness proposals were sent to the Congress by the President in his message of January 23, 1969.

DESCRIPTION

The proposed Three Arch Rocks Wilderness area is located in Tillamook County near Oceanside, Oreg.

The area consists of 17 acres and was established as a wildlife refuge for sea birds, murres, cormorants, gulls, petrels, puffins and a few sea lions. Public use of the area is nil because of inaccessibility.

The Oregon Islands Wilderness proposal consists of 21 acres located in Curry County near Brookings, Oreg. The entire island which is proposed for wilderness classification originally established as a bird sanctuary for the Leach's petrel. With the exception of occasional scientific expenditions to the island, there is virtually no public use.

The proposed Bering Sea Wilderness contains 41,113 acres which encompasses the total acreage of Bering Sea National Wildlife Refuge. It is located 220 miles west of the Alaskan mainland and 250 miles east of the Asiatic coast. The area, which receives very little public use because of its isolation, was originally established to protect the breeding grounds of several species of native birds.

The Bogoslof Wilderness proposal contains 390 acres and is located in the Bogoslof National Wildlife Refuge. It is located 25 miles north of Umnak Island in the Aleutian Chain. The area, which receives very limited human visitation because of its isolation and poor weather conditions, was established as a sanctuary for sea birds.

The proposed Tuxedni Wilderness contains 6,402 acres and is a part of the Tuxedni National Wildlife Refuge. The area is located in Cook Inlet 60 miles southwest of Kenai, Alaska and receives very little public use because of its isolation and dense vegetation.

The St. Lazaria Wilderness proposal consists of an entire island of 62 acres. The area is located near the entrance to Sitka Sound, 15 miles southwest of Sitka, Alaska. The area is infrequently visited by humans, and it has as its chief utility the use by sea birds.

The proposed Hazy Island Wilderness consists of a 42 acre island which is 45 miles south of Sitka, Alaska. There is no public use of this island which serves as a breeding ground for native sea birds.

The last Alaskan area proposed for wilderness classification is Forrester Island located approximately 80 miles southwest of Ketchikan. The entire 2,630 acre island is included in the proposal. The area was established to protect sea birds and other birds and receive no public use.

The Washington Islands Wilderness proposal covers three different refuges, the Copalis National Wildlife Refuge, the Flattery Rocks National Refuge and the Quillayute National Wildlife Refuge. The proposal covers 247 acres and includes almost all offshore rocks and islands in a 100-mile stretch of Pacific Ocean off Clallam, Jefferson and Grays Harbor Counties, Wash. Altogether there are about 40 named islands and several hundred unnamed rocks, reefs and spires which range in size from less than 1 to 20 acres. The islands are extremely important as nesting areas for sea birds.

The proposed Salt Creek Wilderness area is located within the Bitter Lake National Wildlife Refuge in New Mexico approximately 150 miles northeast of Roswell. The proposal consists of 8,500 acres in the undeveloped north unit of the refuge. The refuge was established primarily for waterfowl, although very few waterfowl use the north unit.

HEARINGS

In accordance with the requirements of the Wilderness Act of September 3, 1964 (78 Stat. 890), public hearings were held at locations convenient to the areas affected. The results of these hearings are summarized in the synopsis accompanying the recommendations to the President, which follow later.

AMENDMENTS

The committee amended S. 3014 by striking subsection 1(a)(1) and 1(a)(5). These subsections included the Hart Mountain National Antelope Refuge Wilderness and the Malheur National Wildlife Refuge Wilderness. Both areas were recommended for wilderness classification in the "message from the President of the United States" in transmitting "The fifth annual report on the status of the National Wilderness Preservation System", dated January 23, 1969.

Opposition to the Malheur wilderness proposal arose from the Oregon Game Commission which indicated that if the area were declared wilderness it would inhibit future wildlife management. At the public hearing on the proposal, held in Burns, Oreg. on May 2, 1967, concern was expressed that economic

harm to Harney County might arise if the area was established as a wilderness area. These views, together with a classification of certain points by the Department of the Interior are summarized in the enclosed synopsis of the proposal.

At the Lakeview, Oregon hearings on April 21, 1967, the Oregon State Land Board offered no objection to the Hart Mountain Wilderness Proposal. Opposition was received, however, from representatives of organizations from Lake County, Oreg. The main concern was the continued multiple use for livestock, because Lakeview and Lake County are heavily dependent upon the livestock industry. A more elaborate explanation of points of opposition are summarized in the enclosed synopsis of the proposal.

During the Interior Committee hearings held on the Hart Mountain wilderness proposal, testimony was presented which indicated that overgrazing of this area altered the vegetative ecology from grasses to sagebrush. Because of the alteration of the environment, and a desire to reclaim the land to its former productive status, some question was raised as to whether the area fulfilled the definition of the wilderness. The Oregon Game Commission is desirous of combating the sagebrush which is diminishing the food supply for certain animals, but they would be prohibited from doing this if the area was classified wilderness.

Additional concern was expressed that if the area were declared wilderness the private inholdings within the wilderness boundaries might be removed from the tax rolls. No private land, however, can be condemned within the boundaries of a wilderness area without an act of Congress. Questions were also raised about the potential problem of providing access to inholdings which are enclosed within a wilderness area and which could conceivably be developed to the detriment of the surrounding wilderness.

Because of the questions raised regarding inclusion of these areas into the wilderness system, the committee adopted an amendment to exclude these lands at this time. The committee recommends that the other areas contained in S. 3014 be given wilderness status immediately.

COST

No additional budgetary expenditures are involved in enactment of S. 3014.

RECOMMENDATION

The Senate Committee on Interior and Insular Affairs reports favorably on S. 3014, with amendments, and recommends early enactment.

ALASKA OMNIBUS ACT AMENDMENTS

The bill (S. 778) to amend the 1964 amendments to the Alaska Omnibus Act was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 778

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 5 of the 1964 amendments to the Alaska Omnibus Act (78 Stat. 505) is amended by striking out the period and inserting in lieu there of the following: ", except that any sums so appropriated to carry out section 53 of the Alaska Omnibus Act shall be available after such date for obligation in connection with one or more of the following urban renewal projects authorized for execution prior to June 30, 1967: Alaska R–8, Westchester; Alaska R–19, Kodiak; Alaska R–20, downtown Anchorage; Alaska R–21, Steward; Alaska R–22, Valdez; Alaska R–25, Mineral Creek; Alaska R–26, Seldovia; Alaska R–28, Cordova."

SEC. 2. Section 6 of the 1964 amendments to the Alaska Omnibus Act is amended to read as follows:

"TERMINATION DATE

"SEC. 6. The authority contained in this Act shall expire on June 30, 1967, except that such expiration shall not affect—

"(1) the authority conferred by section 53 of the Alaska Omnibus Act until the completion of the following urban renewal projects authorized for execution prior to June 30, 1967: Alaska R–8, Westchester; Alaska R–19, Kodiak; Alaska R–20, downtown Anchorage; Alaska R–21, Seward; Alaska R–22, Valdez; Alaska R–25, Mineral Creek; Alaska R–26, Seldovia; Alaska R–28, Cordova; or

"(2) the payment of expenditures for any obligation or commitment entered into under this Act prior to June 30, 1967."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 91–595), explaining the purposes of the measure.

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

PURPOSE OF BILL

The purpose of S. 778 is to correct an inequity to the State of Alaska which has developed inadvertently in the use of funds appropriated under the 1964 Alaska Omnibus Act, Public Law 88–451 (78 Stat. 505). The bill would accomplish this purpose by extending the time in which these already appropriated funds can be utilized for urban rehabilitation and development from damages resulting from the disastrous "Good Friday" earthquake of 1964. The cutoff date in the law is June 30, 1967.

BACKGROUND OF LEGISLATION

Public Law 88–451 was a series of amendments to the Alaska Omnibus Act of 1959 (73 Stat. 145) which was the legislation that followed the Alaska Statehood Act, making certain laws applicable to the new State and repealing certain other laws that had been written for the former territory. The 1964 amendments to this act were specifically for the purpose of providing "assistance to the State of Alaska for reconstruction of areas damaged by the earthquake of March 1964 and subsequent seismic waves." This earthquake was perhaps the greatest natural disaster in Alaska's history; property damage and loss was extensive, and the need for Federal aid urgent.

Section 3 of these amendments added a section 53 to the Omnibus bill which provides:

URBAN RENEWAL

SEC. 53. The Housing and Home Finance Administrator is authorized to enter into contracts for grants not exceeding $25,000,000 for urban renewal projects in Alaska, including open land projects, under section 111 of the Housing Act of 1949, which he determines will aid the communities in which they are located in reconstruction and redevelopment made necessary by the 1964 earthquake and subsequent seismic waves. Such authorization shall be in addition to and separate from any grant authorization contained in section 103(b) of said Act.

The Administrator may increase the capital grant for a project assisted under this section to not more than 90 per centum of net project cost where he determines that a major portion of the project area has either been rendered unusable as a result of the 1964 earthquake and subsequent seismic waves or is needed in order adequately to provide, in accordance with the urban renewal plan for the project, new locations for persons, businesses, and facilities displaced by the earthquake.

Section 5 of the 1964 act authorized appropriation of $25 million to carry out its provisions, but set forth the cutoff date of June 30, 1967. Section 6, however, provides that "such expiration shall not affect the payment of expenditures for any obligation or commitment entered into under this act prior to June 30, 1967."

Projects for the full $25 million were initiated prior to that cutoff date, but not fully financed from the appropriation by that time. These projects, eight in number, are specified in S. 778. From the original $25 million appropriation, some $1.2 million remains available for these projects, but the Department of Housing and Urban Development has taken the position that it cannot use this balance because of the termination date.

S. 778, which was sponsored by Senator Stevens, the senior Senator from Alaska (a companion bill, S. 900, was sponsored by the junior Senator, Senator Gravel), would rectify this situation by striking the cutoff date with respect to funds for the eight named projects.

COST

No new authorizations nor appropriations of Federal funds are required or contemplated by the bill. It merely permits the use of money for the purpose for which it was appropriated.

COMMITTEE RECOMMENDATION

The Interior Committee unanimously recommends prompt approval of S. 778 in view of the Alaskan communities' urgent needs and the escalating costs of construction.

CEILING ON APPROPRIATIONS FOR ADMINISTRATIVE CONFERENCE

The bill (H.R. 4244) to raise the ceiling on appropriations of the Administrative Conference of the United States was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 91–596), explaining the purposes of the measure.

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

PURPOSE

The purpose of H.R. 4244 is to increase the authorized annual appropriations for the work of the Administrative Conference of the United States from the present ceiling of $250,000 per annum to a new ceiling of $450,000 per annum.

STATEMENT

At the request of the Administrative Conference of the United States, identical legislation (S. 1144 and H.R. 4244) was introduced in the Senate and House of Representatives to amend 5 U.S.C. 576 by removing entirely the limitations on appropriations for the Administrative Conference of $250,000, as now contained in that section.

A subcommittee hearing on S. 1144 was held on May 26, 1969, at which Jerre S. Williams, Chairman of the Conference, Prof. Walter Gellhorn of the Columbia Law School and member of the Council of the Conference, Mr. Ben Fisher, chairman of the section on administrative law, American Bar Association, and Mr. John F. Banzhaf, III, executive director, Action on Smoking and Health, all testified in support of the proposal. No witness appeared in opposition to the bill.

The Administrative Conference of the United States was established by Public Law 88–499, August 30, 1964, as a permanent agency of Government. Its purpose, as defined by the statute (5 U.S.C. 571), is "to provide suitable arrangements through which Federal agencies, assisted by outside experts, may cooperatively study mutual problems ex-

change information, and develop recommendations for action by proper authorities to the end that private rights may be fully protected and regulatory activities and other Federal responsibilities may be carried out expeditiously in the public interest." Its recommendations are reported to the President, the Congress, the Judicial Conference, and the Departments and Agencies concerned.

In the creation of the Administrative Conference in 1964, the Senate, acting first, imposed no limitation on appropriations. The present limitation of $250,000 was inserted by amendment by the House. The Conference advises that this limitation is too restrictive, having been based on estimates which did not include sufficient funds and which wholly failed to take into account the substantial increase in general costs which has taken place in the meantime. The Conference accordingly requested removal of the present ceiling.

In a memorandum, dated March 3, 1969, and which is a part of the record, the Conference compared the 1964 estimated operating costs with current operating costs, essential to accomplish the same congressional objectives. The conclusion, which is fully supported by that document is that it will today require approximately $400,000 to do what Congress then contemplated and could be done on a budget of not to exceed $250,000.[1]

Both the Senate and House hearings support the conclusion that the $250,000 limitation is outdated and so restrictive as to prevent the Conference from engaging in any meaningful research program. The committee is of the view that, properly funded, the Conference can achieve substantial economies in governmental procedures which will more than compensate for a modest increase in its budget.

A persuasive case was presented in support of S. 1144, as introduced, to eliminate the ceiling entirely and to leave to the Committees on Appropriations the question of justification of funds to carry on the work of this agency. However, this is a new agency. We do not write against a clean slate but have a statutory ceiling already contained in the basic statute. The Chairman of the Conference has advised that a ceiling of $450,000, as authorized by H.R. 4244 will provide adequate latitude for budget requirements for the "next 2 or 3 years." He has urged this committee, in the interest of obtaining legislation now to meet the immediate financial needs of the Conference, to recommend similar legislation.

Both the former administration and the present administration have indicated their support for this legislation. Appended is correspondence indicating the acceptance by the Council of the Administrative Conference of a bill containing a ceiling of $450,000. This committee is of the opinion that a ceiling of $450,000 is justified at this time and that H.R. 4244 should receive prompt consideration and Senate approval.

[1] The text of the memorandum is reproduced in full in the committee hearings, dated May 26, 1969, to accompany S. 1144, and in House Report No. 91–214, to accompany H.R. 4244.

SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS—CONTINUATION THROUGH JANUARY 31, 1970

The Senate proceeded to consider the resolution (S. Res. 279) authorizing expenditures by the Select Committee on Nutrition and Human Needs for an additional period to study the food, medical, and other related basic needs among the people of the United States, which had been reported, without amendment, from the Committee on Rules and Administration, and from the Committee on Labor and Public Welfare with an amendment.

The amendment of the Committee on Labor and Public Welfare is as follows:

On page 1, line 1, after the word "Resolved," strike out:

The the Select Committee on Nutrition and Human Needs is authorized to expend from the contingent fund of the Senate, within the amounts, and for the same purposes, as specified in Senate Resolution 68, Ninety-first Congress, agreed to February 1969, to continue the Select Committee on Nutrition and Human Needs for the period ending January 31, 1970, and such committee shall terminate its activities not later than December 31, 1970.

And, in lieu thereof, insert:

That the Select Committee on Nutrition and Human Needs, continued by Senate Resolution 68, Ninety-first Congress, agreed to February 1, 1969, is (1) extended through January 31, 1970, and (2) authorized through January 31, 1970, to expend from the contingent fund of the Senate an amount not to exceed the unexpended balance of the amount, and for the same purposes, specified in said resolution.

So as to make the resolution read:

S. RES. 279

Resolved, That the Select Committee on Nutrition and Human Needs, continued by Senate Resolution 68, Ninety-first Congress, agreed to February 18, 1969, is (1) extended through January 31, 1970, and (2) authorized through January 31, 1970, to expend from the contingent fund of the Senate an amount not to exceed the unexpended balance of the amount, and for the same purposes, specified in said resolution.

SEC. 2. The President of the Senate shall appoint one additional minority Member of the Senate to the Select Committee on Nutrition and Human Needs selected from committees other than the Committee on Labor and Public Welfare and the Committee on Agriculture and Forestry.

The amendment was agreed to.

The resolution, as amended, was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 91–597), explaining the purposes of the measure.

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

Senate Resolution 279 as referred to the Committee on Rules and Administration would continue the Select Committee on Nutrition and Human needs for 1 month, through January 31, 1970. No additional funds would be authorized. The resolution would also provide for the appointment by the President of the Senate of one additional minority Member of the Senate to the select committee, to be selected from committees other than Labor and Public Welfare and Agriculture and Forestry.

The amendment to Senate Resolution 279 reported by the Committee on Labor and Public Welfare, concurred in by the Committee on Rules and Administration would extend the select committee only through January 31, 1970, rather than through December 31, 1970, as was specified in Senate Resolution 279 as submitted. This action is consonant with the customary Senate practice of restricting special inquiries to a fiscal year starting February 1 and ending January 31 of the following year.

The Select Committee on Nutrition and Human Needs was established during the second session of the 90th Congress by Senate Resolution 281, agreed to July 30, 1968, Senate Resolution 394 of that Congress, agreed to October 4, 1968, authorized the select committee to expend for its purposes not to exceed 25,000 through January 31, 1969.

Pursuant to Senate Resolution 68 of the Present Congress, agreed to February 18, 1969, the Select Committee on Nutrition and Human Needs was extended through December 31, 1969, and was authorized to expend not to exceed $250,000 through that date. The present proposal, Senate Resolution 279, would extend the select committee for 1 month—from January 1, 1970, through January 31, 1970—and authorized it to meet that month's expenses from the unexpended balance remaining from Senate Resolution 68.

HOUSING ACT OF 1969—CONFERENCE REPORT

Mr. PROXMIRE. Mr. President, I submit a report of the committee on conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2864) to amend and extend laws relating to housing and urban development, and for other purposes. I ask unanimous consent for the present consideration of the report.

The ACTING PRESIDENT pro tempore. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of December 10, 1969, pages 38179–38186, CONGRESSIONAL RECORD.)

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the report?

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

Mr. PROXMIRE. Mr. President, in connection with this conference report I am standing in for the chairman of the committee and the chairman of the subcommittee, the Senator from Alabama (Mr. SPARKMAN).

Mr. President, I should like to make a statement on the conference report on the housing bill. I do not believe it necessary that my remarks be in great detail because the CONGRESSIONAL RECORD of yesterday contains the printed report of the agreed upon legislation and a statement of managers on the part of the House of Representatives. I believe this is available to all Members of the Senate.

Before I comment on the details, I want to say how pleased I am with the fine job done by the members of the conference committee of both Houses of Congress.

In resolving the differences, the conference committee worked together with speed, and a spirit of good will and cooperation. However, as conferees usually do, there were compromises between the two sides. On the part of the Senate, we remained adamant on several items, and the same thing was true with the House. All in all, the conferees were satisfied that the final product represented the best interests of all concerned, and I am pleased to report that every member of the conference committee signed the report.

The Senate conferees were quite satisfied with the results of the conference. Only three items of major significance, which were in the Senate bill, were not agreed to by the conference committee.

The first of these involved mortgage ceilings for Federal Housing Administration programs and for public housing. The Senate bill would have established a flexible ceiling, depending upon certain indices of housing costs. The House bill, on the other hand, would establish certain percentages increases on the ceilings over existing law. The House conferees were adamant in their position that ceilings should not be left subject to an automatic mathematical index but should be kept under the control of the Congress subject to the continuous review by the Members of Congress. The conferees agreed to the House provision.

The second item that was in the Senate bill, but which was not agreed to by the conference committee, involves the time coverage of the bill. The Senate bill would have authorized programs on a 2-year basis whereas the House bill would have limited the authorizations to 1 year. The conferees agreed to a 1-year bill. The basic reason given by the House conference members for the 1-year bill was that the administration is preparing a sizable comprehensive housing bill for 1970 and that many of the programs will be reconsidered and probably modified as a result of the Administration's proposal and thus it would be better to limit this year's bill to 1 year.

The third item to which the Senate conferees receded to the House conferees involved an amendment sponsored by Senator TOWER which would have given the Secretary of Housing the responsibility to assure to the extent feasible that all HUD programs be constructed without unreasonable restraint by contract or practice against the use of new technologies. The Senate provision would have applied this responsibility to all HUD programs. The House had a similar provision but limited the coverage only to the experimental program under section 1010 of the Housing Act of 1966. The House conferees remained adamant stating that such authority to the Secretary of Housing would be establishing a new precedent with unknown consequences and that it would be better to limit the coverage for the present time to the limited area stated in the House amendment.

In general, the 1969 Housing Act is an excellent bill, as approved by the conferees, and contains many fine features that will be most helpful to forwarding our progress in the housing field. Let me mention a few of these.

The bill would establish a new FHA insurance for mobile homes. The Nation today is facing an extreme housing shortage and the only segment of housing that is making any headway is in the mobile homes field. These mobile homes are being produced in record-breaking proportions. In fact, I believe over 400,000 are being produced this year—primarily because of the need for housing at a cost that most of our low- and moderate-income people can afford. By authorizing the FHA to participate in the financing of these homes, we believe that this will help to provide new standards of construction and new standards of onsite placement. In the past, as everyone knows, there has been a serious lack of standardization and we feel that by involving the Federal Government into this program, the results can be most salutary for all concerned. At this point in my remarks, I would like to congratulate the junior Senator from South Carolina (Mr. HOLLINGS) for his active leadership in sponsoring this new legislation.

The bill also contained a provision which would speed up the implementation of the existing flood insurance program. This program was authorized in the 1968 act but under that law certain time-consuming estimate and underwriting computations were necessary in order to develop an actuarial basis for establishing premiums. This work has been exceedingly slow to the extent that only two or three areas in the whole Nation are now taking advantage of the 1968 flood insurance program. The 1969 bill will postpone the date on the actuarial computation requirement and thus will make it possible for many areas to qualify soon under this insurance program.

Another provision on which the conferees agreed would extend the existing authority for the Secretary of Housing to establish administratively the FHA interest rate ceilings. It would also continue existing law which require the VA Administrator to limit VA interest rate ceilings to the FHA ceilings. This authority will expire on October 1, 1970, under the terms of the bill. In the meantime, our committee—Banking and Currency—has before it a report from the Mortgage Interest Rate Commission which would propose an alternative method for establishing FHA interest rate ceilings and we hope that consideration will be given to this proposal in time for final action to be taken before the October 1, 1970, deadline.

One of the most significant provisions in the bill involves new authorization for public housing. The public housing program which has been authorized since 1937, and which worked well for most of those 30 years, has recently run into serious financial difficulties. Although there are many reasons for this, two of the most important reasons are: First, the large number of welfare families who are now living in public housing and second, the sharp increase in operating and maintenance costs. The Congress has, over the last 6 or 7 years, authorized additional financial assistance to public housing projects but despite this aid, many of the projects were becoming financially insolvent. The 1969 bill authorizes new funds to be used to help the local housing authorities maintain improved services, remodel some of their old units and subsidize the rent for the very low income families who otherwise would be paying more than 25 percent of income for rent. In authorizing these new funds, the Congress believes that this may only be a temporary answer and that for a permanent solution, a new financing device may have to be developed for the program. The conferees agreed that a study should be made of the public housing program to be reported to Congress some time next year.

Another very significant provision of the 1969 act provides new aid to improve the Farmers Home Administration's rural housing program. New funds were authorized and wider authority given to the Secretary of Agriculture to expand this program to meet the great needs of families living in rural areas. One item in this package would transfer funds from the existing rural housing direct loan account to the Rural Housing Insurance Fund. I believe there was approximately $250 million transferred as a result of this provision. In making the transfer, the conferees wanted to make it clear that this in no way would deminish the use of these funds in the making of rural housing direct loans. In this connection the chairman of the committee, Mr. SPARKMAN received a letter from James V. Smith, Administrator of the Farmers Home Administration, who assured him that the transfer of this fund would in no way discontinue nor curtail the use of the existing rural housing direct loan authorization. I ask unanimous consent that this letter be introduced in the RECORD at this point of my remarks.

On the authorizations of the bill, as approved by the conferees, the total cost would be approximately $4.8 billion. This total is of questionable significance because it represents the sum of grants, and loans and interest subsidies which, as we all know, have entirely different impact on the taxpayers but which are treated identically for budgetary purposes.

This total may be compared to the $6.2 billion in the Senate bill and the $4.9 billion in the bill as passed by the House.

I ask unanimous consent to have placed in the RECORD a table on the program authorizations as passed by the Senate, by the House and as agreed to by the conference committee.

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

U.S. DEPARTMENT OF AGRICULTURE,
FARMERS HOME ADMINISTRATION,
Washington, D.C., October 2, 1969.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Banking and Currency, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request, at the hearing on September 26, for our views regarding a proposal to merge the Rural Housing Direct Loan Account with the Rural Housing Insurance Fund. You asked particularly for information as to the effect such a merger, if enacted, would have upon the direct rural housing loan programs.

The proposal in question is set forth in section 411(e) of H.R. 13827, the "Housing and Urban Development Act of 1969," as recently approved by the Committee on Banking and Currency of the House of Representatives.

Under the pending amendment the assets and liabilities of the Rural Housing Direct Loan Account and the related authorizations would be transferred to the Rural Housing Insurance Fund and the Account would be discontinued. The authorizations applicable to direct rural housing loans under Title V of the Housing Act of 1949 would, however, remain applicable to the transferred assets.

If the proposed amendment is enacted, it would not reduce or impair the authority for making direct rural housing loans or the availability of loan funds for exercising that authority. You may rest assured that this agency has no intention of discontinuing or curtailing use of the existing rural housing direct loan authorizations in the event the proposed amendment should be passed by the Congress and approved by the President.

Sincerely,

JAMES V. SMITH,
Administrator.

AUTHORIZATIONS FOR 1969 HOUSING ACT

[In millions of dollars]

	Unused authority	Senate			House		Conference		
		1970	1971	1972	1970	1971	1970	1971	1972
Title I—FHA Insurance programs:									
Homeownership assistance (235)	15.0		—(1)	170	25	(1)	25	(1)	170
Rental housing assistance (236)	20.0		—(1)	170	25	(1)	25	(1)	170
Title II—Urban renewal and housing assistance programs:									
Urban renewal	587.5		1,300.0	1,700		2,000.0		1,700.0	
Public housing	—(2)	75	20.0	175		20.0	75	20.0	
Rent Supplement	68.0		—(3)	82		(3)		—(3)	
College housing debt service	8.0		1.5	9		4.2		4.2	
Housing for elderly (202)	45.0	80	80.0	80	150		150		
GNMA special assistance					1,500		1,500		
Title III—Urban and metropolitan development programs:									
Comprehensive planning (701)	105.0			40					
Open space land programs	94.9			88					
Model cities	812.5		287.5	1,500		750.0		600.0	
Neighborhood facilities grants	71.0			34					
Water and sewer grants						100.0		100.0	
Total		155	1,689.0	4,048	1,700	2,874.2	1,775	2,424.2	340
Mass Transit (contingency authority)			300.0			300.0		300.0	
Total			1,989.0			3,174.2		2,724.2	

[1] Existing authority for fiscal year 1971 is $125 million for sections 235 and 236.
[2] Existing law authorizes $150,000,000 for public housing assistance on July 1, 1969, and 1970.
[3] Existing law authorizes $100,000,000 for rent supplement assistance on July 1, 1970.

Mr. TOWER. Mr. President, I should like to join the senior Senator from Alabama in commending the members of the Conference Committee from both Houses of Congress; I feel that a great deal was accomplished in an expeditious manner. As has been stated, there was a spirit of cooperation which permeated every facet of our deliberations, and the results are a compromise which I feel goes somewhat beyond the proposals of the administration yet are within the bounds of the Senate and House passed versions of the bill.

We have created no new programs; however, there are several basic changes to those which are presently in existence. I am especially pleased that we have established FHA title I insurance for mobile homes. This industry has already made an important contribution toward achievement of our housing goals; the additional availability of loans up to $10,000 for 12 years for purchasers of mobile homes, when coupled with the raising of FHA insurance for the improvement of mobile home parks and sites will make a significant contribution to the supply of livable units in America.

One section of the bill which I feel to be innovative and which should serve to loosen money in the mortgage market, is the institution of a system called the "tandem plan". Under this plan, the Government National Mortgage Association buys FHA-insured mortgages at par, and immediately thereafter sells these mortgages to the Federal National Mortgage Association or other financial institutions at a market related price—presently less than par. What we are effectively doing in the operation of this plan is subsidizing the mortgage market, and hopefully we are creating a more rapid turnover and greater availability of funds. In general, this is a very good plan, even though there is never a recapture of the money expended.

There is one point, however, which should be closely scrutinized by the Secretary of HUD in the utilization of the "tandem plan." The statement of the managers on the part of the House indicated it to be congressional intent that these funds be used to support single-family home mortgages; this was not discussed in the conference and it is my belief that we should utilize this system but sparingly, if at all, for this purpose. In 236 and 221(d)(3) projects sponsored by nonprofit or co-op mortgagors, there is a requirement that the subsidy be passed along to the low and moderate income tenants; in the single-family programs, there is no requirement for this assurance. Therefore, during these initial stages, and until adequate laws can be provided, we should limit the utilization of the tandem plan to multifamily projects except in cases where we are assured that the low income family is receiving the benefit of the Federal funds.

The most significant concession which was made by the Senate in conference was the agreement to recede from our position of extending the utilization of new technologies to all Federal housing programs. Testimony before our subcommittee has indicated that if we are to meet our national housing goals of 27 million units over the next 10 years, we must avail ourselves of mass produced housing. Operation Breakthrough appears to be the program which is nearest fruition, and the amendment which was passed by the Senate would have assured that these new technologies in housing were made use of throughout the Nation.

By adopting the House provisions in this regard, we have limited ourselves to housing which is constructed under section 1010. It is my sincere desire that the Secretary of HUD interpret this legislation as a congressional endorsement of the overall utilization of these new technologies; and I further hope that he will make every effort to encourage their use whenever feasible.

Mr. President, I should once again like to thank my colleagues who were managers on the part of the Senate for their strong support throughout the conference.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from Texas. I might say, Mr. President, the Senator from Texas is the ranking minority member of the Subcommittee on Housing and Urban Affairs.

Mr. McCLELLAN and Mr. JAVITS addressed the Chair.

Mr. PROXMIRE. Mr. President, I yield to the Senator from New York who has a question on this matter.

Mr. McCLELLAN. Mr. President, I have some remarks about the conference report. Is that what the Senate is still discussing?

Mr. PROXMIRE. That is correct. I think the Senator from New York asked that I yield for a question, and then I will be glad to yield to the distinguished Senator from Arkansas.

Mr. JAVITS. Mr. President, could the Senator tell us—and I am not going to press him because he may not be prepared—whether anything was done about the vexing problem of cost limit in connection with the special problems of low and moderate income housing?

Mr. PROXMIRE. Generally speaking, the cost ceilings for low income housing were raised either 15 percent or 20 percent depending on the program.

Mr. JAVITS. I thank the Senator.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. McCLELLAN. Mr. President, is the Senate now considering the conference report on S. 2864?

The ACTING PRESIDENT pro tempore. The conference report in connection with S. 2864 is now before the Senate.

Mr. McCLELLAN. I thank the Presiding Officer.

Mr. President, I am not going to oppose approval of the report. However, I do wish to call attention to section 414 (a) of the bill which deals with surplus property.

I want to suggest that in the enactment of this section the Committee on Banking and Currency, has, in my judgment, encroached upon the jurisdiction of the Committee on Government Operations. This matter did not come to my

attention until after the bill was passed by the Senate. I spoke to the chairman of that committee (Mr. SPARKMAN) about it. I understood from him this section had been taken out in conference. Now, I find it has only been modified to some extent in conference.

At any rate, this section deals with a subject matter, surplus property, that is under the jurisdiction of the Committee on Government Operations.

I am going to place a statement in the RECORD about this matter. I want the RECORD to show that while I am not going to oppose the approval of the conference report I want the RECORD to reflect this encroachment.

I wish to state that I propose to have the Committee on Government Operations request the General Services Administrator to submit such disposals which are left to his discretion, and submit a report thereon to the Committee on Government Operations before final action is taken. It does that in a number of cases with regard to surplus property, anyway.

But I feel dutybound. I have no objection to this property where, in many instances, it is found to be prudent and expedient and good administration of Government affairs to do it, to go into that problem, but I do feel there has been a bypassing of a committee of this body which has jurisdiction of subject matter insofar as section 414(a) is concerned.

Mr. PROXMIRE. Mr. President, this matter was discussed at considerable length in conference. We were very conscious of the possible encroachment on the jurisdiction of the Committee on Government Operations.

The way this was handled was, first, a suggestion was made by letter by Mr. BROOKS, who is the chairman of the subcommittee that deals with this matter for the Committee on Government Operations in the House, to change the term "excess" to "surplus." I understand the effect of this would mean that land made available for housing be made available on the same basis as all other land is available; Housing would not get any priority but have to stand in line, as in the case of other property which is disposed of. Second, a member of the conference was the distinguished Senator from Maine (Mr. MUSKIE), who is a member of the Committee on Government Operations.

He was concerned about the jurisdictional problem, too. He did approve this and said that in his view this was a desirable and appropriate action. However, some of us, including the Senator from Texas (Mr. TOWER) and me, were very much concerned about the jurisdiction of the Committee on Government Operations. I hope we can accommodate the Senator from Arkansas because I think he has every right to express this concern.

Mr. McCLELLAN. I have no objection, so far as I know, to what they are undertaking to do. But the very next time another committee might want to encroach on the Committee on Government Operations, and the Committee on Government Operations might well have to object to it. It is a matter of precedent and deference to the jurisdiction of another committee.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. TOWER. Mr. President, as pointed out by the Senator from Wisconsin, this matter was extensively discussed and debated by the conferees. The House conferees were of the opinion we had obviated any language in the bill that might suggest encroachment on the jurisdiction of the committee. They were pressing the point, and with the concurrence of the Senator from Maine who was on the committee, proffered the opinion that this would not be in conflict with the jurisdiction of the Committee on Government Operations if the provision were adopted. But I must say I had reservations. Precedent has already been set in connection with a bill from the Committee on Interior. But I would have no objection to the proposition.

Mr. McCLELLAN. Mr. President, I would like to have the RECORD show in this discussion that it is understood that this cannot be completely binding, but so that I am not standing alone here trying to protect the jurisdiction of one Senate committee, I would like to have it understood in this suggestion so far as those of us who are taking part in it, that the Committee on Government Operations will undertake to have the administrator report to it on the basis of any of these disposals before any action is taken.

Mr. TOWER. I wish to emphatically state there was no intent on the part of the conferees to encroach.

Mr. McCLELLAN. I appreciate that. I do not say there is any willful purpose to bypass a committee, but we have these problems arising from time to time, and I wanted to make this statement for the RECORD.

Mr. PROXMIRE. Mr. President, I think the procedure the Senator from Arkansas suggested makes sense. In talking with the staff director of the Subcommittee on Housing and Urban Affairs, he agrees; it is his view and my view, too; and we would agree wholeheartedly that the Senator's suggestion is desirable that the administrator report to the Committees on Government Operations of the House and Senate on any disposal before any action is taken.

Mr. McCLELLAN. Mr. President, I interpose no further objection to the approval of the conference report.

Mr. President, section 414(a) of the pending Housing Act of 1969 would permit the Secretary of Housing and Urban Development to request the transfer of surplus real property to HUD for sale or lease to public bodies or to private individuals for development of low-rent housing projects. The enactment of this proposal will establish another category of groups eligible to receive surplus Federal property in direct competition with those already eligible in the fields of health, education, park, and recreation.

I do not quarrel with the need for low-cost housing or the merits of the objective sought by this language, however, I do believe that the Committee on Government Operations, which has general legislative jurisdiction over the disposition of Federal surplus property, should have been given an opportunity to review this proposal, or at least had a chance to comment on it. It may well be that our committee would have come out with the same, or similar objective, but at least the proposal would have been compared with existing categories, needs, and priorities and, hopefully, would have been in keeping with existing laws and regulations.

For example, existing law requires that surplus real property be disposed of on the basis of the fair market value, as opposed to the fair value approach of section 414. Obviously what may be fair value to the Secretary of HUD in the context of low-cost housing, may or may not be comparable to the fair market value.

Existing law recognizes the public benefit to be derived from educational, health, or recreational uses and provides for an appropriately reduced price in some instances.

Recipients under existing law, however, must be public bodies as opposed to the public or private categories which would be established by section 414(a).

Even the so-called fair value approach of section 414(a) may be modified by subsequent language which states that "if the United States paid valuable consideration for any such land the Secretary shall not sell it for less than its cost to the United States at the time of acquisition." It is not clear whether this means that if the United States purchased the land for nominal cost then the fair value would be deemed to be that same nominal cost irrespective of current market value.

I am sure that a closer examination of section 414(a) would raise many more questions, however, this provision was not brought to my attention until the conferees were already meeting this week, thus, I have not had ample time to explore all of its ramifications.

As indicated, Mr. President, I am not necessarily opposed to the end objective sought by the provisions of section 414(a), however, I am concerned that the Committee on Government Operations was not consulted about this matter, nor afforded an opportunity to review it. I do not intend to belabor the issue or object to its enactment at this late date. On behalf of the Committee on Government Operations, I will reserve the right, of course, to explore the issue further during the next session of the Congress.

Mr. TOWER. Mr. President, I would like to add a further word of support for the adoption of the conference report.

I believe we did a pretty good job of compromising Senate-House differences on the bill. I think we have produced a bill which for the most part is agreeable to HUD. I think that in only a few instances did the position of the administration on the issues in conference fail to prevail so I think we have come up with a good bill.

I am disappointed we did not get a stronger breakthrough amendment. There was some pressure from organized labor to prevent us from making the

breakthrough amendment apply to all programs in HUD; as the bill emerges they are confined only to section 1010 of the bill.

I hope that ultimately we will be able to expand on the extent of that amendment.

Mr. President, I yield the floor.

Mr. PROXMIRE. Mr. President, I move adoption of the conference report.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Wisconsin.

The motion was agreed to.

Mr. PROXMIRE. Mr. President, we have another conference report. Unfortunately, the staff has not been able to prepare it yet. However, I want to serve notice to the Senate at this time that we expect to be able to bring it up later this morning. It can be handled expeditiously.

STATE MATCHING FUNDS FOR POLLUTION GRANTS

Mr. SPONG. Mr. President, the appropriation of $800 million for Federal grants for construction of waste treatment facilities in fiscal 1970 should provide great impetus to the national effort to clean up our water resources.

We are all indebted to the chairman of the Subcommittee on Air and Water Pollution, Senator MUSKIE, and the chairman of the Appropriations Subcommittee on Public Works, Senator ELLENDER, for their successful efforts to increase the annual appropriation for this important program above the level of $214 million. Until this year, appropriations have been substantially less than half of the amounts authorized under the Clean Water Restoration Act of 1966.

What I wish to point out today, Mr. President, is that many States—including the Commonwealth of Virginia—do not presently participate financially in the cost of the waste treatment construction program. As a consequence, many localities may find it difficult to provide the funds necessary to match the increased Federal grants which will become available under the $800 million appropriation.

There has been a lack of State participation despite substantial incentives established in the Clean Water Restoration Act. Under that act, the local share of project costs is 70 percent, and the Federal share is 30 percent, when the States do not participate. But the Federal share can be increased to as much as 55 percent, and the local share reduced to as low as 20 percent, when the States provide 25 percent of the cost.

Mr. President, the advantages of State participation are readily seen from these figures. Yet, at last count, only 14 States, the District of Columbia, and three territories have established matching fund programs which fully qualify for Federal assistance. The States are Connecticut, Indiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Wisconsin. The territories are Guam, Puerto Rico, and the Virgin Islands.

A second point to consider is that new water quality standards being adopted by the States will require substantial improvements in existing waste treatment facilities. The improvements, of course, will require greater capital investments. In my own State of Virginia, which only recently adopted new standards, the cost has been estimated at $100 million. I would anticipate that similar financial problems may exist in other States which have adopted, or are in the process of adopting, more stringent standards.

Third, Mr. President, the States which have no matching program should be cognizant of a provision in the act under which unobligated Federal funds allocated for use within a particular State may be redistributed to other States. The reallocation takes place 6 months after the close of each fiscal year. The risk of losing these Federal funds because of an inability to provide the requisite matching money, should provide an additional incentive for the establishment of State programs.

The Subcommittee on Air and Water Pollution, in its consideration of legislation to preserve and protect the quality of our environment, has adopted a policy of giving the States the primary responsibility for standard setting and enforcement. Senator MUSKIE, our distinguished chairman, has spoken eloquently on many occasions in support of the policy.

I subscribe to the principle, and have defended it in response to those who have advocated complete Federal jurisdiction over environmental problems. But it is only fair to add that if the States do not live up to their responsibility, then those who have advocated Federal control can say with justification that their approach was the proper one and should have been enacted by Congress.

Mr. President, I discussed most of these matters in communications dated December 3, 1969, to Mills E. Godwin, Jr., and Linwood Holton, Jr., the Governor and Governor-elect of Virginia. I expressed the hope that Virginia will seek to establish a State matching program as envisioned in the Clean Water Restoration Act of 1966.

Such a program, in my view, would represent a commitment to fulfill State responsibility for prevention and control of water pollution. As a practical matter, it would offer a measure of financial relief to localities already heavily burdened with bonded debt for various other capital projects.

The benefits of State financial assistance are ably discussed in editorials published Saturday, December 6, and Tuesday, December 9, in the Roanoke Times and the Virginian-Pilot. Because the situation in Virginia is applicable in other States, and in view of the interest of other Senators in the problem as it may exist in their States, I ask unanimous consent that these editorials be printed in the RECORD.

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

[From the Roanoke (Va.) Times, Dec. 6, 1969]

VIRGINIA SHOULD MOVE TO CLAIM FULL SHARE OF WATER QUALITY AID

The State Water Control Board still is totting up detailed estimates on what higher water quality standards, adopted under federal pressure, will cost. A. H. Paessler, board secretary, already has made a stab at the expense; more than $100 million to localities and industries over the state.

That is quite a lot of money, and under present arrangements the local governments—or local agencies that handle pollution control—would have to pay most of the tab themselves for added facilities to improve municipal waste control. That would mean, in many if not most cases, that bond issues would have to be floated at prevailing high interest rates, or local taxes would have to be increased, or both. Coming at a time when localities' tax resources already are strained, the financial blow could be hard.

There is a way out for the localities, however—one that could relieve them of direct responsibility for all but a fraction (as little as 20 per cent) of the cost for water pollution control projects that meet federal standards. It will require a healthy helping of aid from Richmond, where the state budget is tight, but the effort would be well worthwhile.

How does it work? Under the Federal Water Pollution Control Act, billions of dollars in federal aid have been authorized in the fiscal years 1968 through 1971 for local projects all over the nation to improve water quality. Congress voted piddling amounts in years past, but for fiscal 1970 $800 million has just been appropriated. Under the formula in the law, Virginia's share of that would be about $17.28 million. Actual allocation is subject to other cost-sharing formulas.

In the recent past, Virginia localities have not received anything like the full share available under the law. The reason is that the most generous federal aid goes to 18 states that have matching programs to help pay for local water quality projects; Virginia is not among them. So her local governments and local pollution control agencies have been able to get only from 30 to 33 per cent of their projects financed by federal funds. In fiscal 1969, in all of Virginia that aid amounted to $4.5 million.

The federal share for future project costs could go as high as 55 percent, however, if the state government instituted a matching program of funds. Under the federal law, Virginia would have to put into its own program an amount equal to 25 per cent of the federal money allotted to the state. Based on the $800 million nationwide appropriation, Virginia would need to contribute about $4.32 million to local projects in the next fiscal year in order to free the entire $17.28 million in federal aid.

The benefits can readily be seen. Take Roanoke, which by state estimate will have to put $1.5 million of improvements into its sewage treatment plant by mid-1972 to bring a 10-mile stretch of the Roanoke River up to the new standards. If all federal requirements for the construction project were met and the state put in its 25 per cent, the federal share of 55 per cent would leave the city to pay only $300,000. Under the present arrangement, without state aid, the city could do not better than about $1 million as its share.

This is not a panacea. It would not give any direct help to industry, and federal money after all is tax money too; the local taxpayer would, in the end, foot a share.

But the availability of added millions from which the U.S. Treasury—which has access to revenue sources of a kind and scope still largely denied to states and localities—would ease the tax impact on both individual and industry. It would allow more meaningful planning for the most needed projects, with better assurance that the funds would be there when the bills come due. And it would let all parties concerned get on more speedily with the necessary job of cleaning up the public waters we all depend on. Virginia should not pass up the advantages, both financial and practical, that this additional federal aid would offer.

[From the Virginian-Pilot, Dec. 9, 1969]

UNCLE SAM INSISTS: HIGHER STANDARDS FOR CLEANER WATER

The State Water Control Board has decided to adopt the stricter standards of the Federal Government for pollution control; and consequently, although virtue is its own reward, Virginia can look forward to a whopping bonus in Federal aid. Indeed, the wonder is that the Water Control Board, which has been struggling more than 20 years with insufficient power and funds, resisted so strenuously being thrown in the Federal briarpatch. Uncle Sam simply directed the State agency to do the job for which it had been created.

The Board voted last week to ask the 1970 General Assembly for amendments to strengthen the State regulations and more funds and staff to enforce them. The Board's executive secretary, A. H. Paessler, commented that complying with Federal standards will require "many more millions of dollars" from the treasuries of industries and cities.

But Virginia's rivers and streams are a legacy for the entire population; at long last the public is in a mood for demanding that industries purify the waters they use. And the municipalities will have a much larger reservoir of Federal funds on which to draw.

In the same week that the Water Control Board voted to cooperate with the Department of Health, Education, and Welfare. Congress appropriated $800 million for fiscal 1970 for local water projects across the Nation, a striking indication of aroused public sentiment against pollution. In fiscal 1969 Congress appropriated only $214 million.

In fiscal 1969 Virginia's local governments and agencies could finance only 30 to 33 per cent of their projects with Federal funds, which totaled $4.5 million. During fiscal 1970, if the State will match 25 per cent of a project's cost, the Federal Government will shoulder 55 per cent, and the localities will have to bear only 20 per cent. Based on the $800 million appropriation for the Nation, Virginia would need to contribute $4.32 million to local projects in the next fiscal year to obtain $17.28 million in Federal aid.

The 11 communities under the Hampton Roads Sanitation District—Virginia Beach, Chesapeake, Norfolk, Hampton, Williamsburg, Newport News, and part of Portsmouth, and the counties of York, James City, Nansemond and part of Isle of Wight—must help finance a control program costing $10 million in the next decade. Under the new Federal formula localities need furnish only $2 million, instead of $6.7 million. District officials have invited the region's 35 State legislators to a conference on December 18. Hampton Roads, veined with waters, stands to gain the most from higher purification standards; the area's legislators should give vigorous support to the District's proposals.

S. 3240—INTRODUCTION OF THE CONSUMER REPRESENTATION ACT OF 1969

Mr. JAVITS. Mr. President, on behalf of myself and Senators PERCY, STEVENS, GURNEY, and MATHIAS, I introduce for appropriate reference, the administration's consumer bill—the Consumer Representation Act of 1969.

This measure—which was described at length in the President's consumer message to the Congress on October 30 of this year, and again by letter to the Congress on November 12 from Virginia Knauer, the President's adviser on consumer affairs—would:

First, establish an Office of Consumer Affairs in the Executive Office of the President to advise the President with regard to all matters affecting consumer interests. This office would also coordinate Federal programs and activities affecting consumers and assure that the interests of consumers are considered by other Federal agencies;

Second, establish a Consumer Advisory Council to advise the Director of the Office of Consumer Affairs on matters relating to consumer interests; and,

Third, establish a Consumer Protection Division within the Department of Justice, to represent the interests of consumers in litigation under other Federal statutes, and to refer consumer cases to appropriate State agencies, where Federal jurisdiction is lacking.

This bill is one component of a broader spectrum of consumer protection bills recommended by the administration, some of which already have been introduced and referred to committee. This bill, however, is of particular interest to me and to the other Senators who have sponsored it, because we are all members of the Senate Committee on Government Operations, which will have the primary—though not exclusive—jurisdiction over the measure.

Mr. President, the introduction of this bill, jointly sponsored by all Republican members of the Government Operations Committee, except the Senator from South Dakota who is most regretfully absent from the Senate because of illness, represents in my judgment, a clear determination by the members of my party to accommodate their differences and to get effective consumer legislation on the books as soon as possible, As my colleagues know, I have previously introduced a consumer protection bill, S. 861, which would take a different but not inconsistent approach to this problem, by providing for Federal funding of State programs and other forms of assistance to the States for purposes of consumer protection. Senator PERCY likewise has introduced a bill, cosponsored by a number of other Senators, much along the lines of this administration bill. We are together, however, in introducing the administration's bill because we are determined to get things moving and because we have confidence that whatever differences there may be among us as to detail and emphasis can be resolved in the course of forthcoming hearings and committee consideration.

The new Office of Consumer Affairs, which this bill would establish, would have a broad charter, to include: encouraging and assisting in development and implementation of consumer programs; assuring that the interests of consumers are presented and considered in a timely manner by the appropriate levels of the Federal Government, and conducting investigations.

The new Consumer Advisory Council would assist and advise the Office of Consumer Affairs with respect to the foregoing. On the enforcement side, the new Consumer Protection Division of the Justice Department would be authorized, first, to intervene in pending actions before Federal agencies and Federal courts; second, to assert the interests of consumers generally, or of any class or group of consumers in any proceeding to review a Federal agency determination; and third, to conduct investigations concerning consumer matters.

Mr. President, it would appear to me that not all of the provisions of this bill are strictly and technically within the jurisdiction of the same committee. Title I, in my judgment, is clearly within the jurisdiction of the Committee on Government Operations; title II, except section 205, appears to be within the jurisdiction of the Judiciary Committee; and title III, as well as section 205, seem to be within the Commerce Committee's jurisdiction.

I, therefore, ask unanimous consent that the bill be referred to the Committee on Government Operations and, if and when the bill is reported by that committee, that it then be referred for not more than 45 days to the Committees on Commerce and the Judiciary for consideration of subject matters in the bill coming within their jurisdiction, if the chairmen of those committees desire such reference of the bill to them.

The ACTING PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred to the committees as requested by the Senator from New York.

Mr. JAVITS. May I say to the majority leader that we have worked out this idea for the consumer bill with all the committees I have referred to, so that I am not asking unanimous consent for something that is not known.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The bill (S. 3240) to establish an Office of Consumer Affairs to advise the President with regard to all matters affecting the interests of consumers, to have central responsibility for coordinating all Federal programs and activities affecting consumers, and to assure that the interests of consumers are considered by Federal agencies; to establish a Consumer Advisory Council to advise the Director of the Office of Consumer Affairs on matters relating to the consumer interest; and to establish a Consumer Protection Division within the Department of Justice to represent the interests of consumers in administrative and judicial proceedings, introduced by Mr. JAVITS (for himself, Mr. PERCY, Mr. STEVENS, Mr. GURNEY, and Mr. MATHIAS), was received, read twice by its title, referred to the committees involved, as requested by the Senator from New York (Mr. JAVITS), and ordered to be printed in the RECORD, as follows:

S. 3240

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Consumer Representation Act of 1969".

TITLE I

OFFICE OF CONSUMER AFFAIRS

SEC. 101. The Office of Consumer Affairs (referred to hereinafter within this title as the "Office") is hereby established in the Executive Office of the President. The Office shall be headed by a Director who shall be appointed by the President by and with the

advice and consent of the Senate and shall receive compensation at the rate prescribed by section 5314, title 5, United States Code, for executive officers of level III. There shall also be in the Office a Deputy Director who shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate prescribed by section 5315, title 5, United States Code, for executive officers of level IV. The Deputy Director shall perform such duties as the Director may designate, and in case of a vacancy in the Office of the Director or during the absence or incapacity of the Director, the Deputy Director shall act as Director.

POWERS AND DUTIES OF THE DIRECTOR

SEC. 102. (a) The Director shall be responsible for the exercise of the powers and the discharge of the duties of the Office, and shall have the authority to direct and supervise all personnel and activities thereof.

(b) In addition to any other authority conferred upon him by this title, the Director is authorized, in carrying out his functions under this title, to—

(1) appoint and fix the compensation of personnel of the Office;

(2) employ experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate individuals so employed for each day (including traveltime) at rates not in excess of the maximum rate of pay for grade GS–18 as provided in section 5332 of title 5, United States Code. While so serving away from their homes or regular place of business, such employees may be paid travel expenses and per diem in lieu of subsistence at rates authorized by section 5703, title 5, United States Code, for persons intermittently employed;

(3) appoint one or more advisory committees composed of such private citizens and officials of the Federal, State, and local governments as he deems desirable to advise him with respect to his functions under this Act; and members of such committees (including the Consumer Advisory Council established in section 105 of this title) other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Director, shall be entitled to receive compensation and travel expenses as provided in paragraph (2) of this subsection with respect to experts and consultants;

(4) promulgate such rules, regulations, and procedures as may be necessary to carry out the functions vested in him or in the office, and delegate authority for the performance of any function to any officer or employee under his direction and supervision;

(5) utilize, with their consent, the services, personnel, and facilities of other Federal, State, local and private agencies and instrumentalities with or without reimbursement thereof;

(6) accept voluntary and uncompensated services, notwithstanding the provisions of section 665(b) of title 31, United States Code;

(7) adopt an official seal, which shall be judicially noticed;

(8) request such information, data, and reports from any Federal agency as the Director may from time to time require and as may be produced consistent with other law; and convene meetings of the heads of those Federal agencies, or their designated representatives, on programs affecting consumers;

(9) with the approval of the President, arrange with and reimburse the heads of other Federal agencies for the performance of any of his functions under this title and, as necessary or appropriate, delegate and authorize the redelegation of any of his powers under this title;

(10) make an annual report to the President on significant developments affecting the interests of consumers.

FUNCTIONS

SEC. 103. (a) The Office shall advise the President as to all matters affecting the interests of consumers;

(b) The Office shall—

(1) with respect to consumer interests in Federal policies and programs, encourage and assist in development and implementation of consumer programs; have central responsibility for coordinating and reviewing policies and programs; seek resolution of conflicts; advise and make recommendations to Federal agencies with respect to policy matters, the effectiveness and improvement of their programs and operations, and the elimination of duplications;

(2) assure that the interests of consumers are presented and considered in a timely manner by the appropriate levels of the Federal Government in the formulation of policies and in the operation of programs that may affect the consumer interest;

(3) conduct investigations, hearings, conferences, and surveys concerning the needs, interests and problems of consumers, except that it shall, where feasible, avoid duplicating activities conducted by other Federal agencies;

(4) submit recommendations to the President on how Federal programs and activities affecting consumers can be improved and assist in the legislative and administrative hearing process;

(5) receive, evaluate, and transmit complaints concerning actions or practices which may be detrimental to the consumer interest to the extent authorized by section 104 of this title;

(6) develop programs for disseminating after appropriate opportunity for comment by interested parties generic information concerning consumer items which the Government purchases for its own use and carry on further studies as to how the skill and knowledge of Government purchasers can be shared with the public in a fair and useful manner;

(7) encourage and coordinate the development of information of interest to consumers from Federal agencies; publish and distribute periodicals and other printed material which will inform consumers of matters of interest to them; and publish and distribute in a Consumer Register material which will include notices of hearings, proposed and final rules and orders, and other useful information, translated from its technical form into language which is readily understandable by the layman.

(8) encourage and coordinate research conducted by Federal agencies leading to improved consumer products, services, and consumer information;

(9) encourage, initiate, coordinate, evaluate, and participate in consumer education programs and consumer counseling programs;

(10) encourage, cooperate with and assist State and local governments in the promotion and protection of consumer interests;

(11) undertake a continuing evaluation of consumer product safety and make recommendations to the President;

(12) cooperate with and encourage private enterprise in the promotion and protection of consumer interests; and

(13) cooperate with and assist the Consumer Protection Division in the Department of Justice in carrying out its functions under this Act.

CONSUMER COMPLAINTS

SEC. 104. (a) Whenever the Office receives from any source complaints or other information disclosing a possible violation of (1) any law of the United States or (2) any rule or order of any Federal agency concerning consumer interests, the Office shall transmit promptly to the Federal agency charged with the duty of enforcing such law, rule, order, judgment, or decree, for appropriate action, such complaint or other information received or otherwise developed by the Office.

(b) Whenever the Office receives complaints or other information disclosing any commercial or trade practice which it deems detrimental to the interests of consumers within the United States, and which is not included within the category specified in subsection (a) of this section, the Office may transmit such complaint or other information promptly to the Federal, State, or local agency whose regulatory or other authority provides the most effective means to act upon them; the Office may in its discretion also refer such complaint or other information to private persons and industry.

CONSUMER ADVISORY COUNCIL

SEC. 105. (a) There is hereby established in the office a Consumer Advisory Council to be composed of twenty members appointed by the President. Members shall be appointed on the basis of their knowledge and experience in areas of interest to consumers and their demonstrated ability to exercise independent, informed, and critical judgment.

(b)(1) Members shall be appointed for two-year terms, except that of the members first appointed, ten shall be appointed for a term of one year and ten shall be appointed for a term of two years as designated by the President at the time of appointment.

(2) Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall serve only for the remainder of such term. Members shall be eligible for reappointment and may serve after the expiration of their terms until their successors have taken office.

(3) A vacancy in the Council shall not affect its activities, and eleven members thereof shall constitute a quorum.

(c) The President shall designate the Chairman from among the members appointed to the Council. The Council shall meet at the call of the Director but not less often than four times a year. The Director shall be an ex-officio member of the Council and is to be its Executive Secretary.

(d) The Council shall advise the Director with respect to—

(1) policy matters relating to consumer interests; and

(2) the effectiveness of Federal consumer programs and operations, and make recommendations concerning (i) the improvement of such programs and operations, (ii) the elimination of duplication of effort, and (iii) the coordination of such programs and operations with other Federal, State, local and private programs related to the consumer interest.

TITLE II

CONSUMER PROTECTION DIVISION IN THE DEPARTMENT OF JUSTICE

SEC. 201. (a) There is hereby established within the Department of Justice, under the authority of the Attorney General, and subject to the provisions of section 509 and 510 of title 28 of the United States Code, a Consumer Protection Division (referred to hereinafter within this title as the "Division").

(b) The head of the Division shall be one of the Assistant Attorneys General appointed under the provisions of section 506 of title 28 of the United States Code.

(c) In addition to the authority conferred by other sections of this title, the Attorney General is authorized, in carrying out his functions under this title, to—

(1) promulgate such rules, regulations and procedures as may be necessary to carry on the functions vested in the Division; and

(2) arrange with and reimburse the heads of other Federal agencies for the performance of any of the functions authorized under this title.

FUNCTIONS

SEC. 202. The Division shall—

(a) represent the interests of consumers in proceedings before Federal agencies and in the Federal courts to the extent authorized by section 203 of this title;

(b) conduct conferences, surveys, and investigations in accordance with the provisions of section 204 of this title,

(c) have responsibility for the initiation of proceedings in cases concerning the consumer interest before Federal agencies and in the Federal courts. The foregoing activities shall be carried out in consultation with the Office of Consumer Affairs; and

(d) cooperate with and advise other Federal agencies and State and local agencies on legal matters pertaining to the consumer interest.

REPRESENTATION OF CONSUMER INTERESTS BEFORE FEDERAL AGENCIES AND IN FEDERAL COURTS

SEC. 203. (a) The Division may request or petition for the initiation of any proceeding within the responsibilities and authorities of Federal agencies concerning matters which affect the interests of consumers; however, its participation in such proceedings once initiated shall be as provided in subsections (b) and (c) of this section.

(b) Whenever there is pending before any Federal agency any matter or proceeding which does not solely involve an adjudication for the purpose of imposing a sanction for an alleged violation by any defendant or respondent therein of any statute of the United States or any rule, order, or decree promulgated thereunder, and the Division finds that the determination of such matter or proceeding may affect substantially the interests of consumers within the United States, the Division shall be entitled as a matter of right to intervene, within the time limits specified in the agency's rules and regulations, in such matter or proceeding as a party to represent the interests of consumers. Upon any such intervention, the Division shall present to such Federal agency, in conformity with the rules of practice and procedure thereof, such evidence, briefs, and argument as it shall determine to be necessary for the effective protection of the interests of such consumers.

(c) Whenever—

(1) there is pending before any Federal agency any matter or proceeding which involves an adjudication for the sole purpose of imposing a sanction for an alleged violation, by any defendant or respondent therein, of any statute of the United States or any rule, order, or decree promulgated thereunder, or

(2) there is pending before any district or appellate court of the United States any matter or proceeding to which the United States or any Federal agency is a party, other than a proceeding to which subsection (d) is applicable, and the Division finds the determination of such matter or proceeding may affect substantially the interests of consumers within the United States, the Division upon its own motion, or upon written request made by the officer or employee of the United States or such agency who is charged with the duty of presenting the case for the Federal agency in the matter or proceeding, may transmit to such officer or employee all evidence and information in the possession of the Division relevant to that matter or proceeding, and may, in the discretion of the agency or court, appear as amicus curiae and present written or oral argument to such agency or court.

(d) The Division is authorized to assert the interests of consumers generally or of any group or class of consumers in any proceeding in a court of the United States involving the review of an action of a Federal agency, to this end may institute such a proceeding, when a right of review is otherwise accorded by statute, upon a showing that such agency action has or may have a substantial adverse effect upon such consumer interests, and may, in the discretion of the court, intervene as plaintiff or defendant or appear as amicus curiae in any such judicial proceeding. Whenever in such a proceeding the Division takes a position in whole or in substantial part adverse to that of the agency, and the agency would otherwise be represented by the Attorney General, the agency shall be authorized to appear and defend by its own representatives.

(e) The head of the Division, or any other Federal employee designated by him for such purpose, shall be entitled to enter an appearance before any Federal agency for the purpose of representing the Division in any proceeding pursuant to the authority granted in this section without compliance with any requirement for admission to practice before such agency.

(f) Nothing contained in this title shall be construed to limit the rights of any person or group or class of persons, to initiate, intervene, or otherwise participate in any court or agency proceeding.

INVESTIGATIONS, CONFERENCES, SURVEYS, AND REPORTS

SEC. 204. (a) In order to obtain information for the purpose of representing the interests of consumers in proceedings before Federal agencies and in the Federal courts, as set forth in section 203 of this Act, the Division is authorized to—

(1) conduct investigations, conferences, and surveys concerning the needs, interests, and problems of consumers, except that it shall, where feasible, avoid duplicating in significant degree similar activities conducted by other Federal agencies;

(2) require any persons, by general or special order setting forth with particularity the consumer interest involved and the purposes for which the information is sought, to file with the Division reports, or answers in writing to specific questions, relevant to the Division's functions. Trade secrets included in relevant information acquired for the purpose of any proceeding authorized under this title shall not be revealed to any person other than an employee of the Department of Justice, except in a proceeding before a Federal agency or in Federal courts, after notice of such proposed disclosure has been given to the owner of any such trade secret. Any such reports or answers shall be made under oath, or otherwise as the Division may prescribe, and shall be filed with the Division within such reasonable period as the Division may prescribe, unless additional time be granted in any case by the Division; and

(3) in any Federal agency proceeding to which the Division is a party. request the Federal agency to issue on the Division's behalf such orders, as authorized by the Federal agency's statutory powers, for the copying of documents, papers, and records, summoning of witnesses, production of books and papers, and submission of information in writing as is relevant to the subject matter of the proceeding. The Federal agency to which such a request is made shall issue such discovery orders requested by the Division unless the Federal agency determines that the request for discovery is not relevant to the matter at issue, or is unnecessarily burdensome, or is not authorized by the agency's statutory powers.

(b) Whenever any person fails to comply with a request by the Division of Consumer Protection for a report or answers to specified questions, pursuant to subsection (a)(2) of this section, the Attorney General, through such officers or attorneys as he may designate, may petition, in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, for a judicial order requiring such person to comply with the requirements of subsection (a)(2) of this section. Any failure to obey such order of the court may be punished by such court as a contempt thereof.

TESTING

SEC. 205. (a) To the extent he deems it necessary for the purpose of representing the interests of consumers in proceedings before Federal agencies and in the Federal courts as set forth in section 203 of this Act, the head of the Division is authorized to request the head of any other Federal agency to test the performance, content, purity, safety, durability, and other characteristics of a product offered for sale or intended to be offered for sale by a manufacturer.

(b) Each Federal agency requested to perform testing under this section may charge for the services performed and such charges shall be based on both direct and indirect costs. If reimbursement is made, the appropriation or fund bearing the cost of the services shall be reimbursed and the head of the agency concerned may require advance payment subject to such adjustments on completion of the work as may be agreed upon.

(c) Each Federal agency requested to perform testing under this section is authorized to request any other Federal agency to supply (on a reimbursable basis if appropriate) such statistics, data, progress reports, and other information to the extent authorized by law as it deems necessary to carry out its functions under this section.

(d) Each Federal agency requested to perform testing under this section is authorized to the extent necessary, to acquire or establish additional facilities and to purchase additional equipment for the purpose of carrying out the purposes of this section.

(e) The results of such tests may be used or published only in proceedings specified in section 203 of this Act.

TITLE III

CONSIDERATION OF THE CONSUMER INTEREST IN FEDERAL AGENCY DETERMINATIONS

SEC. 301. Every Federal agency in taking any action of a nature which can reasonably be construed as substantially affecting the interests of consumers of products and services, including but not limited to, (1) the promulgation of rules, regulations, or guidelines, (2) the formulation of written policy decisions, or (3) the issuance of orders, decrees, or standards, shall, in taking such action, give due consideration to the valid interests of consumers. When, in the normal course of its operations, the agency concerned makes public a statement its decision, findings, or action, it shall indicate in such public statement the manner of its consideration of consumer interests.

REPORTS

SEC. 302. The President shall submit to the Congress an annual report on consumer matters. Such report shall include information regarding the activities of the Office of Consumer Affairs and the Consumer Protection Division.

EFFECT UPON OTHER STATUTES

SEC. 303. Nothing in this Act shall be construed as relieving any Federal agency from its statutory duty to consider the public interest or the interests of consumers in discharging its responsibilities, or as affecting the duty of the Administrator of General Services to represent the Federal Government's interests as a consumer pursuant to section 201(a)(4) of the Federal Property and Administrative Services Act of 1949 as amended (40 U.S.C. 481(a)(4)).

APPROPRIATIONS

SEC. 304. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

DEFINITIONS

SEC. 305. As used in this Act—

(a) "Federal agency" shall have the same meaning as that given to the word "agency" in section 551 of title 5, United States Code;

(b) "sanction" shall be interpreted as encompassing the imposition of a fine, penalty or forfeiture and the revocation of a right, benefit or privilege;

(c) "commerce" shall have the same meaning as is given to the word "commerce" in the Labor Management Relations Act of 1947, section 101(6); and

(d) "person" shall be interpreted to include natural persons, partnerships, corporations, and any other form of association.

Mr. JAVITS. Mr. President, I ask unanimous consent that the executive communication referred to be forwarded to all three committees.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that the communication be printed in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The communication is as follows:

THE WHITE HOUSE,
Washington, D.C., November 12, 1969.

Hon. SPIRO T. AGNEW,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith a draft bill entitled the "Consumer Representation Act of 1969."

This proposal is submitted to implement in part the recommendations contained in the President's message on consumer affairs and protection, which was transmitted to the Congress on October 30, 1969.

The proposed bill would establish an Office of Consumer Affairs in the Executive Office of the President to advise the President with regard to all matters affecting the interests of consumers, to coordinate Federal programs and activities affecting consumers, and to assure that the interests of consumers are considered by Federal agencies.

The bill would also establish a Consumer Advisory Council to advise the Director of the Office of Consumer Affairs on matters relating to the consumer interest.

Finally, the bill would establish a Consumer Protection Division within the Department of Justice to represent the interests of consumers in administrative and judicial proceedings.

We recommend prompt and favorable consideration of this draft bill in order that the President's concern for the interests of consumers may be translated into meaningful action on their behalf.

The Bureau of the Budget has advised that the enactment of this legislative proposal would be in accord with the program of the President.

Sincerely yours,

VIRGINIA KNAUER.

U.S. POLICY IN THE MIDDLE EAST

Mr. JAVITS. Mr. President, Secretary Rogers' major address of December 9 reflects a clearly detectable shift in the tone and emphasis, if not the basic substance, of U.S. Middle East policy. He stressed the determination of the United States to pursue a "balanced" Middle East policy and declared:

> We will not shrink from advocating necessary compromises.

I have no doubt that the policy expressed by Secretary Rogers is motivated by traditional American high-mindedness. But, I seriously question whether it can achieve its stated objectives in the Middle East as it exists today.

The Soviet Union is all out for the Arab radicals—and makes no pretense to the contrary. Right on the heels of Secretary Rogers' declaration of sweet reasonableness, Prime Minister Kosygin promised additional military aid to Egypt and other radical Arab governments, reaffirmed full Soviet support for the radical Arab position and—most ominously—expressed overt Soviet support for the Arab guerrilla movement for the first time.

A major objective of radical Arab and Soviet policy in the Middle East, including constant cease-fire violations and guerrilla terrorist attacks, has been to create a crisis atmosphere in which the United States—motivated by a concern for peace—would press Israel to withdraw from the occupied territories without achieving a peace settlement.

In explaining U.S. policy, Secretary Rogers' statements that the Middle East "could easily again be the source of another serious conflagration" and that "a continuation of the unresolved conflict there would be extremely dangerous," indicate that the Soviets and radical Arab States have succeeded to some extent in their policy.

In my judgment, the Middle East is in a state of turmoil and flux that will continue for some time. Under present conditions there seems to be no realistic hope in the near term for a just and lasting peace settlement—although we hope it may not prove to be so. The next 2 or 3 years are likely to be rough, and the United States will need to have the nerve and the patience to sweat it out until it becomes clear to the radical Arab States that a policy of unrelenting belligerence toward Israel will not achieve their objectives nor advance their own aspirations for a better life and an escape from poverty. If the United States does not lose its nerve and not allow itself to be maneuvered into pressing Israel to accept measures which could compromise its security, current radical Arab and Soviet policy will fail, the bankruptcy and total negativism of its premises will be exposed, and a new era of opportunity and enlightenment can open in the Middle East.

In pursuing a balanced Middle East policy it is necessary for the United States to bear in mind that the Arabs may be able to fight a hundred wars and only have to win once; while if Israel loses only once, it will be obliterated from the map.

There is no doubt that pressures from guerrilla organizations, radical Arab governments, and Soviet machinations have weakened the hand of moderates in Lebanon, Jordan, and other Arab countries traditionally friendly to the United States. I appreciate that Secretary Rogers intended his speech to be a signal of friendship and rapprochement with moderate Arab leaders who have been our traditional friends in the Middle East and who have not pursued a policy of hatred and blood feud against Israel. But, in the present inflamed atmosphere, if we accept the premise that the United States should get into a competitive game with the Soviets of trying to surrender policy to please the radical Arab States, we are bound to fail—and to compromise vital United States and Israeli interests in the process.

To avoid this pitfall, I urge the Secretary of State not to try to wrap up the Middle East crisis by meeting Soviet terms—which are the radical Arab terms—and which are unjust. This is vital to the U.N. national interest. For, as Secretary of State John Foster Dulles long ago stated:

> The preservation of the State of Israel is . . . one of the essential goals of U.S. foreign policy.

In terms of our own national security considerations, we must not get ourselves painted into a diplomatic corner that would, in turn, put us in a position where we are directly or by implication bound to coerce or compel Israel to jeopardize its survival. Israel is one longstanding and devoted friend we have right now in the area, which is truly the crossroads of the world, and the maintenance of Israel's ability to defend herself and to survive is translatable directly into the furtherance of our own national interests and of the interest of peace in the world.

To move now in a way which can upset the delicate power balance existing in the Middle East will only serve to further whet the appetite for war and violence in the radical Arab States and to stiffen their resistance to any direct peace negotiations with Israel. It will make things worse not better. We must show fortitude and patience, remembering at all times that the danger in the Middle East is not to Arab survival—which is not in jeopardy at all—but to Israel's survival.

In my judgment, these are the real dangers in the new course set by Secretary Rogers in his speech of December 9. In our understandable desire to offer friendship to Arab moderates, certain basic realities of the situation are being passed over. Those realities are the fundamental intransigence of the Arab extremists to any peaceful settlement; the aiding and abetting of this stand by the U.S.S.R.; the growing menace of the Arab guerrilla organizations, not so much because of the military threat they pose to Israel, but because of their potential for inflaming the Arab peoples into another round of war with Israel; and the vital importance to Israel's future national integrity of the Golan Heights, the Latrun Salient, the Gaza Strip and the Sinai Peninsula, including Sharm El-Sheikh, in terms of keeping its borders secure against Arab attack.

The long-term objective in the Middle East—to which I am passionately dedicated as a man and as a Senator—is even more than peaceful coexistence alone between Israel and her Arab neighbors. Ultimately Israel can survive only as a Middle East nation fully involved in the normal commerce and politics of the region. And, despite the blackness of the clouds now, when the time comes in which the Arab peoples move away from sterile hatred and demand peace and economic development

from their leaders, Israel will prove to be the greatest resource the Arabs have in the Middle East. Israel's science and technology, its unique experience in developing the deserts it started with, its genius for trade and finance, its valor at arms, and its ancient faith and culture arising from the very heart of the Middle East—will make Israel a most important agency for peace and progress for the benefit of all peoples through the region.

If Israel loses her viability as a free state—either because we unwittingly encourage her enemies to think they have a chance to wage one last holy war against her or because our "balanced" policy forces Israel into bankruptcy to maintain her military defense against such a war—it would pose the gravest implications for the United States and for the peace of the world.

Mr. President, I summarize by saying, let us keep our shirts on right now as to our Middle East policy.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. JAVITS. Mr. President, I yield to the Senator from Massachusetts.

Mr. BROOKE. Mr. President, I think the distinguished Senator from New York certainly should be commended for bringing this very important matter before the Senate. I was in Israel just prior to the outbreak of the war, and I saw the Syrian and Jordanian boundaries. In my opinion, those boundaries were certainly not defensible.

I do not believe there will ever be peace in the Middle East until there are recognized political boundaries which are agreed upon and are acceptable to both them Arab nations and to the State of Israel.

I just wanted to ask my distinguished colleague from New York if his interpretation and understanding of Secretary of State Rogers' speech was that the Secretary did not support the establishment of defensible boundaries between Jordan and Syria and the State of Israel, and rather preferred to go back to the boundaries which existed prior to the war.

Mr. JAVITS. I would say that after Secretary Rogers' speech there is less assurance on that score than before. So much depends upon the interpretation of the Security Council's resolution of November 27, 1967—and what we emphasized and where we throw our influence in that regard. The U.S. interpretation has always been that strategic corrections need to be made in the armistice lines, which have been the de facto borders, to deal with the realistic strategic situation. The radical Arabs and the Soviets have contended that no such corrections are permissible. That is what Secretary Rogers was moving toward in his speech—in ruling out any significant adjustments. That is the real substantive yield he made, which is potentially dangerous and very worrisome. It does not maintain with our attitude that if there is going to be any border correction and giving up of occupied territory, they must be agreed upon contemporaneously.

I have no doubt that Israel is going to get out of most of the occupied territory—in return for a real peace settlement—but if we are going to twist her arm—and we can do it—and make her give up what is essential to her national survival, that is where the danger lies. That was foreshadowed in the tone of the speech of the Secretary of State, in an effort to make the Arabs feel that we are not against them. I agree that that was the effect.

Mr. BROOKE. I certainly agree that Israel must have permanently defensible borders, and I thank the Senator for his interpretation of the Secretary's speech.

STATE TAXATION OF NATIONAL BANKS—CONFERENCE REPORT

Mr. PROXMIRE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7491) to clarify the liability of national banks for certain taxes. I ask unanimous consent for the present consideration of the report.

The ACTING PRESIDENT pro tempore. The report will be read for the information of the Senate.

The bill clerk read the report.

(For conference report, see House proceedings of December 9, 1969, page 37997, CONGRESSIONAL RECORD.)

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the report?

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

Mr. PROXMIRE. Mr. President, the Senator from Utah (Mr. BENNETT) is unable to be present this morning and has asked that in his absence I make a statement for him on the conference report on this bill relating to State taxation of national banks. During the conference, the language which is now contained in the conference report was amended by adding two words, which were apparently inadvertently omitted from the report. The two words were to be added to the provision permanently amending section 5219 of the revised statutes.

The section in the report now reads:

> For purposes of any tax law enacted under authority of the United States or any state, a national bank shall be treated as a bank organized and existing under the laws of the State or other jurisdiction within which its principal office is located.

The words "the same" were accepted by the conference and should have been inserted between the words "treated" and "as" so that the section would read:

> For the purposes of any tax law enacted under authority of the United States or any State, a national bank shall be treated *the same* as a bank organized and existing under the laws of the State or other jurisdiction within which its principal office is located.

It is my understanding that the chairman, the Senator from Alabama (Mr. SPARKMAN), agrees with this conclusion.

Mr. President, Senator BENNETT asked that these two words be added to be sure that the meaning of the section is clear that the Congress is expressing no intent about the Federal instrumentality issue concerning national banks. The House report language says that the change from "deemed to be" a State bank which was included in the House bill and "shall be treated as" a State bank is totally without significance so far as the taxing ability of State is concerned. This is true. The report goes on to say that the only purpose of the change is an attempt to avoid any expression of congressional intent as to whether the Federal instrumentality doctrine still has any viability as applied to national banks. Senator BENNETT feels that the addition of the two words, mentioned before make it clear that not only is the change an attempt to avoid an expression of congressional intent, it clearly avoids the issue. Such an issue is now before the courts and should be decided by the courts.

Senator BENNETT also is concerned about the provision opening up the taxation completely before the study which is required by the bill by the Federal Reserve Board, is completed. There are some unanswered questions which should be answered before we take such a significant step. The fact that the conferees agreed that their respective Banking and Currency Committees would give prompt and serious consideration to any recommendations transmitted by the Federal Reserve Board as a result of the study is helpful, but we have still acted without proper knowledge.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from Florida, who was the initiator and the instigator of this legislation. I am delighted to see he is present.

Mr. HOLLAND. Mr. President, I had understood that action on this conference report was to await the return of Senator SPARKMAN, and I was waiting in the cloakroom to be summoned to the floor.

Mr. PROXMIRE. I understand. This is a failure of communication on my part. I called the Senator's office, and did not understand that the Senator was waiting for Senator SPARKMAN. Senator SPARKMAN could not be present at this time.

Mr. HOLLAND. Well, Mr. President, I am delighted that the matter is being brought to a head.

I express my appreciation for the expeditious handling of this legislation by the chairman of the Banking and Currency Committee, Senator SPARKMAN, and the floor manager of the bill, Senator PROXMIRE, and the ranking Republican member of the committee, Senator BENNETT. I should like to ask the Senator from Wisconsin if it is his understanding of the conference report that the legislation will permit Florida to impose on a national bank any sales taxes or use taxes complementary thereto, any taxes on tangible personal property—not including cash or currency—any taxes, including documentary stamp taxes, on the execution, delivery, or recordation of documents without additional legislation. As you know, these taxes were enumerated in my bill, S. 2906. In addition, I enumerated in my bill license, registration, transfer, excise, or other fees or taxes imposed on the ownership, use, or transfer of motor vehicles, the latter be-

ing inserted in S. 2906, since it was my understanding that certain States, including California, currently impose such taxes. It is my understanding that all of these enumerated items are covered by the conference bill. Would the Senator from Wisconsin advise me if my understanding of the conference report is correct?

Mr. PROXMIRE. The Senator is correct in his understanding.

Let me say, first, that the bill did not, of itself, require any State legislature to take any action before the State may impose the taxes the Senator named. It may be that the legislatures of one or more States may be required by their own State law to enact some statute in order to take advantage of the act. However, there is nothing in the act itself which requires this action in regard to the named taxes.

I am unable to describe the precise effect this act will have on the mechanism of the tax laws of each State. Those laws are extremely complex, and require experts on the law of each State to determine what action, if any, will be required by each State in order to take advantage of the act.

Mr. HOLLAND. I thank the Senator. I appreciate the expeditious handling which has been given to this bill. It is my understanding also that no additional action by the Florida Legislature is required, since it has heretofore imposed taxes on the list of properties of national banks which I have just enumerated in my question.

Mr. PROXMIRE. That is my understanding, and I am sure the Senator is correct.

Mr. HOLLAND. I thank the Senator.

Mr. TOWER. Mr. President, I would like to comment on the unorthodox method used in this measure to enact legislation for 1972 now which is substantially based on a study that has not yet begun. I have opposed this unwise procedure from the start. However, the necessity for new sources of State revenue and the unpopularity of the presently unwarranted immunities of national banks militate for rapid action to clear national banks for new taxes such as sales taxes, documentary taxes, and motor vehicle taxes. The 1970 provision does this adequately, and hence I support the conference report in that respect.

But the provision opening the banks up completely to State taxation systems in 1972 seems clearly unwise at this time, before the Federal Reserve-Treasury study on the problems of intangible personal property taxes and interstate taxation of national banks is completed next year. We may well find that substantial revision of the 1972 provisions are needed when the study is completed, and yet in the meantime the banking industry and the State taxation authorities are going to be planning on the basis of the 1972 provision we are passing today.

I reluctantly vote for final passage of this measure in order to improve State revenue sources in the immediate future, but I will be most interested in seeing that any revisions that need to be made in the 1972 provision after the study is completed are taken up by the Senate Banking and Currency Committee with all due speed.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 46) authorizing the printing of a report entitled "Handbook for Small Business" as a Senate document.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

H.R. 9163. An act to authorize the disposal of certain real property in the Chickamauga and Chattanooga National Military Park, Ga., under the Federal Property and Administrative Services Act of 1949;

H.R. 12964. An act making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1970, and for other purposes; and

H.R. 13763. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1970, and for other purposes.

U.S. POLICY IN THE MIDDLE EAST

Mr. FULBRIGHT. Mr. President, in response to the comments made a few minutes ago by the distinguished Senator from New York, I ask unanimous consent to have printed in the RECORD the text of the speech of Secretary Rogers on U.S. policy in the Middle East, as a part of the remarks I am about to make.

Mr. JAVITS. Mr. President, will the Senator permit me to do that? Because I think that would be fair. Will the Senator let me do that?

Mr. FULBRIGHT. Well, I wanted it as a part of my remarks, too.

Mr. JAVITS. I yield to the Senator, then.

Mr. FULBRIGHT. I am happy to accept the Senator as a cosponsor, but I wish to refer to certain parts of the speech.

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

[From the New York Times, Dec. 11, 1969]

TEXT OF SPEECH BY SECRETARY ROGERS ON U.S. POLICY IN MIDDLE EAST

WASHINGTON.—I am very happy to be with you this evening and be a part of this impressive conference.

The Galaxy Conference represents one of the largest and most significant efforts in the nation's history to further the goals of all phases of adult and continuing education.

The State Department, as you know, has an active interest in this subject. It is our belief that foreign-policy issues should be more broadly understood and considered. As you know, we are making a good many efforts toward providing continuing education in the foreign-affairs field. I am happy tonight to join so many stanch allies in those endeavors!

In the hope that I may further that cause I want to talk to you tonight about a foreign-policy matter which is of great concern to our nation.

HOPES FOR UNDERSTANDING

I am going to speak tonight about the situation in the Middle East. I want to refer to the policy of the United States as it relates to that situation in the hope that there may be a better understanding of that policy and the reasons for it.

Following the third Arab-Israeli war in 20 years, there was an upsurge of hope that a lasting peace could be achieved. That hope has unfortunately not been realized. There is no area of the world today that is more important because it could easily again be the source of another serious conflagration.

When this Administration took office, one of our first actions in foreign affairs was to examine carefully the entire situation in the Middle East. It was obvious that a continuation of the unresolved conflict there would be extremely dangerous, that the parties to the conflict alone would not be able to overcome their legacy of suspicion to achieve a political settlement and that international efforts to help needed support.

The United States decided it had a responsibility to play a direct role in seeking a solution.

SUGGESTION ACCEPTED

Thus, we accepted a suggestion put forward both by the French Government and the Secretary General of the United Nations. We agreed that the major powers—the United States, the Soviet Union, the United Kingdom and French—should cooperate to assist the Secretary General's representative, Ambassador Jarring, in working out a settlement in accordance with the resolution of the Security Council of the United Nations of November, 1967. We also decided to consult directly with the Soviet Union, hoping to achieve as wide an area of agreement as possible between us.

The decisions were made in full recognition of the following important factors.

First, we knew that nations not directly involved could not make a durable peace for the peoples and governments involved. Peace rests with the parties to the conflict. The efforts of major powers can help; they can provide a catalyst; they can stimulate the parties to talk; they can encourage; they can help define a realistic framework or agreement; but an agreement among other powers cannot be a substitute for agreement among the parties themselves.

Second, we knew that a durable peace must meet the legitimate concerns of both sides.

Third, we were clear that the only framework for a negotiated settlement was one in accordance with the entire text of the U.N. Security Council resolution. That resolution was agreed upon after long and arduous negotiations; it is carefully balanced; it provides the basis for a just and lasting peace—a final settlement—not merely an interlude between wars.

Fourth, we believed that a protracted period of no war, no peace, recurrent violence, and spreading chaos would serve the interests of no nation, in or out of the Middle East.

EIGHT MONTHS OF CONSULTATION

For eight months we have pursued these consultations, in four-power talks at the United Nations, and in bilateral discussions with the Soviet Union.

In our talks with the Soviets, we have proceeded in the belief that the stakes are so high that we have a responsibility to determine whether we can achieve parallel views, which would encourage the parties to work out a stable and equitable solution.

We are under no illusions; we are fully

conscious of past difficulties and present realities. Our talks with the Soviets have brought a measure of understanding but very substantial differences remain. We regret that the Soviets have delayed in responding to new formulations submitted to them on Oct. 28. However, we will continue to discuss these problems with the Soviet Union as long as there is any realistic hope that such discussions might further the cause of peace.

The substance of the talks that we have had with the Soviet Union have been conveyed to the interested parties through diplomatic channels. This process has served to highlight the main roadblocks to the initiation of useful negotiations among the parties.

On the one hand, the Arab leaders fear that Israel is not in fact prepared to withdraw from Arab territory occupied in the 1967 war.

FEARS ARE SUPPORTED

On the other hand, Israeli leaders fear that the Arab states are not in fact prepared to live in peace with Israel.

Each side can cite from its viewpoint considerable evidence to support its fears. Each side has permitted its attention to be focused solidly and to some extent solely on these fears.

What can the United States do to help to overcome these roadblocks?

Our policy is and will continue to be a balanced one.

We have friendly ties with both Arabs and Israelis. To call for Israeli withdrawal as envisaged in the U.N. resolution without achieving agreement on peace would be partisan toward the Arabs.

To call on the Arabs to accept peace without Israeli withdrawal would be partisan toward Israel. Therefore, our policy is to encourage the Arabs to accept a permanent peace based on a binding agreement and to urge the Israelis to withdraw from occupied territory when their territorial integrity is assured as envisaged by the Security Council resolution.

In an effort to broaden the scope of discussion we have recently resumed four-power negotiations at the United Nations.

Let me outline our policy on various elements of the Security Council resolution. The basic and related issues might be described as peace, security, withdrawal and territory.

PEACE BETWEEN PARTIES

The resolution of the Security Council makes clear that the goal is the establishment of a state of peace between the parties instead of the state of belligerency, which has characterized relations for over 20 years. We believe the conditions and obligations of peace must be defined in specific terms. For example, navigation rights in the Suez Canal and in the Straits of Tiran should be spelled out. Respect for sovereignty and obligations of the parties to each other must be made specific.

But peace, of course, involves much more than this. It is also a matter of the attitudes and intentions of the parties. Are they ready to coexist with one another? Can a live-and-let-live attitude replace suspicion, mistrust and hate? A peace agreement between the parties must be based on clear and stated intentions and a willingness to bring about basic changes in the attitudes and conditions which are characteristic of the Middle East today.

SENSE OF SECURITY NEEDED

A lasting peace must be sustained by a sense of security on both sides. To this end, as envisaged in the Security Council resolution, there should be demilitarized zones and related security arrangements more reliable than those which existed in the area in the past. The parties themselves, with Ambassador Jarring's help, are in the best position to work out the nature and the details of such security arrangements. It is, after all, their interests which are at stake and their territory which is involved. They must live with the results.

The Security Council resolution endorses the principle of the nonacquisition of territory by war and calls for withdrawal of Israeli armed forces from territories occupied in the 1967 war. We support this part of the resolution, including withdrawal, just as we do its other elements.

The boundaries from which the 1967 war began were established in the 1949 armistice agreements and have defined the areas of national jurisdiction in the Middle East for 20 years. Those boundaries were armistice lines, not final political borders. The rights, claims and positions of the parties in an ultimate peaceful settlement were reserved by the armistice agreements.

The Security Council resolution neither endorses nor precludes these armistice lines as the definitive political boundaries. However, it calls for withdrawal from occupied territories, the non-acquisition of territory by war, and for the establishment of secure and recognized boundaries.

INSUBSTANTIAL CHANGES BACKED

We believe that while recognized political boundaries must be established, and agreed upon by the parties, any changes in the preexisting lines should not reflect the weight of conquest and should be confined to insubstantial alterations required for mutual security. We do not support expansionism. We believe troops must be withdrawn as the resolution provides. We support Israel's security and the security of the Arab states as well. We are for a lasting peace that requires security or both.

By emphasizing the key issues of peace, security, withdrawal and territory, I do not want to leave the impression that other issues are not equally important. Two in particular deserve special mention—the questions of refugees and of Jerusalem.

There can be no lasting peace without a just settlement of the problem of those Palestinians whom the wars of 1948 and 1967 have made homeless. This human dimension of the Arab-Israeli conflict has been of special concern to the United States for over 20 years. During this period the United States has contributed about $500-million for the support and education of the Palestine refugees. We are prepared to contribute generously along with others to solve this problem. We believe its just settlement must take into account the desires and aspirations of the refugees and the legitimate concerns of the governments in the area.

JUSTICE IS SOUGHT

The problem posed by the refugees will become increasingly serious if their future is not resolved. There is a new consciousness among the young Palestinians who have grown up since 1948 which needs to be channeled away from bitterness and frustration toward hope and justice.

The question of the future status of Jerusalem, because it touches deep emotional, historical and religious well-springs, is particularly complicated. We have made clear repeatedly in the past two-and-one-half years that we cannot accept unilateral actions by any party to decide the final status of the city. We believe its status can be determined only through the agreement of the parties concerned, which in practical terms means primarily the Governments of Israel and Jordan, taking into account the interests of other countries in the area and the international community. We do, however, support certain principles which we believe would provide an equitable framework for a Jerusalem settlement.

Specifically, we believe Jerusalem should be a unified city within which there would no longer be restrictions on the movement of persons and goods. There should be open access to the unified city for persons of all faiths and nationalities. Arrangements for the administration of the unified city should take into account the interests of all its inhabitants and of the Jewish, Islamic and Christian communities.

And there should be roles for both Israel and Jordan in the civic, economic and religious life of the city.

It is our hope that agreement on the key issues of peace, security, withdrawal and territory will create a climate in which these questions of refugees and of Jerusalem, as well as other aspects of the conflict, can be resolved as part of the overall settlement.

During the first weeks of the current United Nations General Assembly, the efforts to move matters toward a settlement entered a particularly intensive phase. Those efforts continue today.

I have already referred to our talks with the Soviet Union. In connection with those talks there have been allegations that we have been seeking to divide Arab states by urging the U.A.R. to make a separate peace. These allegations are false. It is a fact that we and the Soviets have been concentrating on the questions of a settlement between Israel and the United Arab Republic. We have been doing this in the full understanding on both our parts that, before there can be a settlement of the Arab-Israeli conflict, there must be agreement between the parties on other aspects of the settlement—not only those related to the United Arab Republic but also those related to Jordan and other states which accept the Security Council resolution of November, 1967.

MUST START SOMEWHERE

We started with the Israeli-United Arab Republic aspect because of its inherent importance for future stability in the area and because one must start somewhere.

We are also ready to pursue the Jordanian aspects of a settlement—in fact, the four powers in New York have begun such discussions. Let me make it perfectly clear that the United States position is that implementation of the over-all settlement would begin only after complete agreement had been reached on related aspects of the problem.

In our recent meetings with the Soviets, we have discussed some new formulas in an attempt to find common positions. They consist of three principal elements:

First, there should be a binding commitment by Israel and the United Arab Republic to peace with each other, with all the specific obligations of peace spelled out, including the obligation to prevent hostile acts originating from their respective territories.

Second, the detailed provisions of peace relating to security safeguards on the ground should be worked out between the parties, under Ambassador Jarring's auspices, utilizing the procedures followed in negotiating the armistice agreement under Ralph Bunche in 1949 at Rhodes. This formula has been previously used with success in negotiations between the parties on Middle Eastern problems. A principal objective of the four-power talks, we believe, should be to help Ambassador Jarring engage the parties in a negotiating process under the Rhodes formula.

So far as a settlement between Israel and the United Arab Republic goes, these safeguards relate primarily to the area of Sharm el Sheik controlling access to the Gulf of Aqaba, the need for demilitarized zones as foreseen in the Security Council resolution, and final arrangements in the Gaza Strip.

WITHDRAWAL REQUIRED

Third, in the context of peace and agreement on specific security safeguards, with-

drawal of Israeli forces from Egyptian territory would be required.

Such an approach directly addresses the principal national concerns of both Israel and the U.A.R. It would require the U.A.R. to agree to a binding and specific commitment to peace. It would require withdrawal of Israeli armed forces from U.A.R. territory to the international border between Israel and Egypt which has been in existence for over a half century. It would also require the parties themselves to negotiate the practical security arrangements to safeguard the peace.

We believe that this approach is balanced and fair.

We remain interested in good relations with all states in the area. Whenever and wherever Arab states which have broken off diplomatic relations with the United States are prepared to restore them, we shall respond in the same spirit.

Meanwhile, we will not be deterred from continuing to pursue the paths of patient diplomacy in our search for peace in the Middle East. We will not shrink from advocating necessary compromises, even though they may and probably will be unpalatable to both sides. We remain prepared to work with others—in the area and throughout the world—so long as they sincerely seek the end we seek: a just and lasting peace.

Mr. FULBRIGHT. Personally, I feel that this was an extremely well-balanced and thoughtful speech. I should like to read some very short excerpts, to show what I think is the attitude of the Secretary. He says:

Second, we knew that a durable peace must meet the legitimate concerns of both sides.

All through the speech, he emphasizes the necessity of meeting the legitimate needs of both sides. Later on he said:

Our policy is and will continue to be a balanced one.

We have friendly ties with both Arabs and Israelis. To call for Israeli withdrawal as envisioned in the U.N. resolution without achieving agreement on peace would be partisan toward the Arabs.

To call on the Arabs to accept peace without Israeli withdrawal would be partisan toward Israel. Therefore, our policy is to encourage the Arabs to accept a permanent peace based on a binding agreement and to urge the Israelis to withdraw from occupied territory when their territorial integrity is assured as envisaged by the Security Council resolution.

Later he says:

We believe the conditions and obligations of peace must be defined in specific terms. For example, navigation rights in the Suez Canal and in the Straits of Tiran should be spelled out.

He also says:

But peace, of course, involves much more than this. It is also a matter of the attitudes and intentions of the parties. Are they ready to coexist with one another? Can a live-and-let-live attitude replace suspicion, mistrust and hate?

He adds:

A lasting peace must be sustained by a sense of security on both sides.

And so on. He says:

The Security Council resolution neither endorses nor precludes these armistice lines as the definitive political boundaries. However, it calls for withdrawal from occupied territories, the nonacquisition of territory by war, and for the establishment of secure and recognized boundaries. . . .

We believe that this approach is balanced and fair.

We remain interested in good relations with all states in the area. Whenever and wherever Arab states which have broken off diplomatic relations with the United States are prepared to restore them, we shall respond in the same spirit.

Meanwhile, we will not be deterred from continuing to pursue the paths of patient diplomacy in our search for peace in the Middle East.

Mr. President, I think this speech was an outstanding example of a balanced and sensible approach, in the interests of the United States and in the interests of peace, and I regret that it has been attacked as being partisan, or as undermining peace and standing in the way of peace.

APPROPRIATE TIME FOR RELEASE OF AMERICAN PRISONERS BY NORTH VIETNAM

Mr. BROOKE. Mr. President, we are now approaching the Christmas season, the holiest time in the Western World. The occasion is celebrated differently in the many lands and by the many denominations which make up the Christian religion. But for all who honor and observe this occasion, it has two common features: First, it is a time of peace; and second, it is a time of celebration and reunion with loved ones.

On both these counts, the continuing conflict in Vietnam deeply mars the occasion for all Americans. Even as we think of peace, pray for peace, and work for peace, our thoughts are held by the images of the war which our best efforts have been powerless to end. Even as we look forward to the joy of reunion with our families and friends, our thoughts turn toward those who cannot anticipate such joys in the coming season.

Mr. President, in recent days we have seen the other side make a special effort to bring peace in this holiday season. The Saigon government initially proposed a 24-hour truce for Christmas and a similar truce for New Year's Day. The National Liberation Front has proposed a 3-day cessation of hostilities for each of the two Western holidays. I welcome these initiatives and hope that the two sides can work out an even more extended truce. If such a truce is accepted and observed, it could pave the way to the cease-fire which many of us have urged.

In keeping with the holiday spirit, however, I cannot help feeling that a second initiative would be even more welcome, to Americans at home and in the field. The NLF and the North Vietnamese presently are holding 419 known American prisoners of war. Except for an occasional report through unofficial channels, or the eyewitness accounts of the few who have escaped or been released, neither the American Government nor the families of these men have any knowledge of their whereabouts or welfare. Some have been missing, or presumed prisoners, for as long as 4 or 5 years. In the meantime, their wives and parents have been waiting; their children have grown up without them; for these families, time has not healed their wounds, nor has their patience as yet been rewarded.

This failure on the part of the NLF and the North Vietnamese to reveal information about their prisoners is one of the cruelest, most unnecessary, and least productive aspects of their entire war effort. The families of the prisoners of war have not put pressure on the U.S. Government to withdraw, as the enemy expected they would do. Rather they have, for the most part, bravely supported the efforts for which their loved ones gave so much. At the same time, the enemy has brought down upon itself the opprobrium of world public opinion for its refusal to observe one of the most basic codes of international behavior. What is more, in so doing, they have gone back upon their own word.

Mr. President, there was a time, just a year and a half ago, when this country was caught in the throes of a massive debate over the merits of a complete halt to the bombing of North Vietnam. At that time, we had already ceased bombing most areas of the North, and the two sides had agreed to talk in Paris. But the other side obviously wanted to encourage a further reduction in the American war effort. Consequently, in July of 1968, North Vietnam's spokesman in Paris indicated at a press conference that his government would be prepared to discuss any issue raised by the United States once the bombing had been halted.

The spokesman in question, Nguyen Than Le, did not say that his government would discuss "some issues" of the war. He did not say they would discuss "all issues" as part of an interrelated peace package. He said, clearly and unequivocally, any single issue which the United States might care to raise.

Since that time, our negotiators have tried unrelentingly to have the prisoner of war question considered and resolved on a plane apart from the question of troop withdrawal or the eventual political settlement. So far, their efforts have been in vain.

Mr. President, the stubborn refusal of the NFL and the North Vietnamese to release any information on American prisoners of war, their refusal to permit the exchange of communication between these prisoners and their families, their refusal to release the prisoners themselves, are self-defeating actions. No military advantage is gained, either in Vietnam or in regard to public pressure in the United States. No propaganda advantage accrues to them in terms of world opinion.

The release of American prisoners of war, or at a minimum the release of accurate information about them, would cost the Vietcong and North Vietnamese nothing. Yet it would be seen in this country and around the world as progress in an area which for too long has shown few gains. Such a step would strengthen the humanities which bring even adversaries together.

Now is the time for the other side to make a real contribution to peace. I call upon them to consider, in this holiday season, the significance of such a course of action. I call upon them to weigh the costs and the advantages involved. I call upon them to take that action which can, more than any other single step, indicate

a willingness on their part to seek a negotiated solution to the issues which presently divide us. The joy which release of American prisoners would bring in this holiday season would be unbounded. The larger significance of their action would also be heeded, and could lead to even larger steps toward a peace of reconciliation and reconstruction.

MYLAI—AN INCIDENT THAT STAINS OUR NATIONAL CONSCIENCE

Mr. YOUNG of Ohio. Mr. President, the Mylai massacre is something new in our national history and experience. Hiding this crime does not make it less black and criminal. Very definitely, Mylai was cold-blooded murder on the part of officers who gave the order to destroy the village and everyone in it and on the part of Captain Medina and First Lieutenant Calley who were in direct command.

Captain Medina's company gathered old men, women, children and babies in groups and then grenade launchers were fired into these groups. Soldiers on order of Captain Medina and First Lieutenant Calley killed civilians with rifle shots.

In the entire village there was no resistance. Only three weapons were found in the entire area. Orders given by those two officers were so astonishing and so terrifying that one GI shot himself in the foot to avoid participating. Some other GI's simply refused to obey the orders to shoot civilians. Then, later that day, these officers told soldiers not to discuss this with anyone. Hiding this hideous crime does not make it less black. It remains murder in cold blood.

This action in surrounding this small hamlet early in the morning before the old men and women had time to leave for the rice fields or for market, then for the company commander to tolerate and First Lieutenant Calley, commanding a platoon of soldiers, to order the killing in cold blood old men, women, children, and even little babies was an abominable atrocity and slaughter of innocent defenseless human beings. Such a despicable episode is not within our national experience.

When these civilians were lined up along the road and their shacks searched only three weapons were discovered in the entire area. Then, officers instructed the GI's to fire. Some refused the order to murder these civilians.

Mr. President, the Mylai massacre was reminiscent of the destruction of the village of Ben Tre shortly following the Tet offensive, which General Westmoreland in his self-delusion termed a victory for our forces. The VC invaded 37 provincial capitals, including Saigon. They invaded and held our Embassy for 7 hours. Ambassador Bunker escaped capture and probably that was another reason General Westmoreland claimed a victory. The VC in Saigon freed 15,000 prisoners from jail and in all capitals they went immediately to the jails freeing prisoners. They struck everywhere except where General Westmoreland claimed he had encircled the encirclers around the caisson. Ben Tre, a city of 35,000 inhabitants, was destroyed by our soldiers under orders of their officers. An American major explaining what happened at Ben Tre put our entire Vietnam involvement in a nutshell. He said, "It became necessary to destroy the city to save it." So, Ben Tre, a city of 35,000 population in the Mekong Delta, following the time that it has been occupied by the VC, was destroyed methodically by American fire power during 48 terrible hours. This little city was utterly demolished by American bombs, napalm, shells and rockets. More than 10,000 civilians—women, children, babies, and old men—were killed, including some thousands of refugees who had fled to the city for safety. Nobody knows how many thousands of civilians were killed because entire families were permanently buried in the rubble. "It became necessary to destroy the city to save it." This was a shameful episode in the history of the Armed Forces and of our country.

Now, next on the order of atrocities comes Mylai where hundreds of old men, women, children, and babies were shot to death. Shortly afterward, the Army investigated and, of course, came up with a whitewash job.

There must be real and thorough investigation. The corpses of those killed and buried should be exhumed in the course of such investigation. Medical men of friendly nations and medical men from civilian life in our own country should be among the experts to investigate the manner and cause of the deaths. This brutality is almost beyond comprehension. It cannot be defended nor explained. It must be thoroughly and impartially investigated.

For anyone to claim that the United States can now transform South Vietnam into a unified bastion of democracy friendly to Americans is sheer insanity. Peoples the world over heretofore friendly to us, not only in Asia but also in Europe, condemn and denounce this terrible terrorist atrocity. This atrocity has also had its grim effect on all Americans. None of us can evade a share of this shame.

Mr. President, I report that a fine young constituent of mine, Dr. David Crane, served in Vietnam as a psychiatrist for the 25th Infantry Division. From Vietnam he wrote his father:

> Dad, the Christian world can't comprehend the casual disregard for human life which typifies Asiatics. For example, our South Korean allies are probably the most respected by the Viet Cong of all our combined forces. One day a company of our American troops marched through a South Vietnam village followed by a company of our South Korean allies. Just as the South Koreans were leaving the village, a VC sniper shot one of them. The South Koreans immediately did a right about-face, and marched back to the center of town. Then they mowed down every man, woman, child and baby with their machine guns. After which, they wheeled and marched in the direction of the American soldiers they had been following.

American Army officers, the young man reported, were horrified over this incident. Yet regarding Mylai our officers within 30 days following ended their so-called investigation and whitewashed the deliberate premeditated murders committed in Mylai, not by tired soldiers who had been shot at by a sniper, but by planned deliberate premeditated orders "Destroy Mylai and everything in it." Later, they decided to do nothing about it. The same young man reported another incident demonstrating the casual disdain for human life held by some combat-hardened soldiers.

One of the 50,000 South Korean soldiers purchased and maintained for service in South Vietnam by our Government was hit and an unexploded bombhead was buried in his chest. American surgeons debated how to operate without detonating it. One suggested using sandbags as breast protectors at the operating table. Then, an officer mentioned calling the South Korean regiment stationed nearby to handle this wounded man. The South Korean chief surgeon notified by telephone sent a couple of orderlies and a jeep to pick up the wounded man. The orderlies herded him a few hundred yards then stood off and fired a bullet into his chest exploding the bomb and blowing their comrade to bits.

This illustrates what some call "the casual disdain for human life which Asiatics hold after 3,000 years of pagan thinking!"

Those American officers and soldiers—products of Western culture—who murdered in cold-blood women, children, babies and old men—all civilians at Mylai—demonstrated that same disdain and contempt for human life. They apparently did this deliberately and with premeditation on orders from Lieutenant Calley and other officers.

ABA GROUP URGES RATIFICATION OF HUMAN RIGHTS CONVENTION

Mr. PROXMIRE. Mr. President, for more than 20 years, we in the Senate have been waiting to ratify the Human Rights Convention on Genocide. This treaty was sent to us by President Truman, and the treaty has been pending in the Committee on Foreign Relations ever since.

One of the reasons why we have not acted is that the American Bar Association has opposed action for many years. I am delighted to report to the Senate this morning that a group in the American Bar Association which is particularly qualified in this area and has been studying this matter for some time is now recommending to the American Bar Association that it reverse its stand.

I might say that this can have very significant consequences, in view of the fact that the reason why we have not ratified the Political Rights of Women Treaty is that the only organization that opposed our ratifying that particular treaty, out of 23 that appeared before the Foreign Relations Committee, was the American Bar Association. And the ABA outnumbered 22 to 1 prevailed. If the ABA comes over to our side it will be good news.

Now that the association which all of us look to with respect for legal advice seems to be reconsidering its position, I would hope that this would persuade the Committee on Foreign Relations to take a look at it. Certainly, when every President we have had since President Truman first requested Senate action has agreed that the Senate should ratify this treaty—only the Senate has to act to secure its ratification—I am sure that

every Member of this body and virtually everyone in America is vehemently opposed to genocide and recognizes that it is a terrible international crime. I hope the Committee on Foreign Relations will reconsider this matter and will be able to recommend it to the Senate.

I ask unanimous consent that the article that appeared in the Washington Post on December 10, entitled "ABA Is Urged To Alter Stand on U.N. Pact," be printed in the RECORD at this point.

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

ABA IS URGED TO ALTER STAND ON U.N. PACT

CHICAGO, December 9.—An American Bar Association group today urged the association to reverse a stand it took 20 years ago and support ratification of the United Nations Convention on the Prevention and Punishment of Crime of Genocide.

The United States is one of the few major powers that have not ratified the convention against genocide, which is an effort to destroy national ethnic, racial or religious groups.

ECONOMIC SANCTIONS AGAINST RHODESIA

Mr. BYRD of Virginia. Mr. President, on November 11, 1969, the peaceful country of Rhodesia celebrated 4 years of independence from Great Britain. For the last 3 years of those 4 years, that country has been forced to exist under partial, then total, economic sanctions.

These sanctions were invoked by the United Nations at the request of Great Britain, and actively supported by our Ambassador to the United Nations at that time.

When the initial partial boycott against certain strategic materials failed to bring Rhodesia to her knees, the United Nations voted a total embargo on trade with Rhodesia. The United States agreed to this move and President Johnson signed an Executive order designed to help close the economic noose on Rhodesia.

According to the United Nations Charter, if the total embargo fails, armed intervention would be the next step taken in the Rhodesian situation. Already the United Nations General Assembly has passed a resolution allowing Great Britain to use "armed force if necessary" to enforce the United Nations economic sanctions.

The reason given for our policy toward Rhodesia is that she has not constitutionally provided for an "orderly transition to majority rule." Yet recent figures show 37 member nations of the United Nations do not have a form of government based on majority rule, and the adherence to that principle is questionable in 25 others.

This is not only the element of folly in our Rhodesian policy. While we support an economic policy designed to strangle a peaceful country, at the request of Great Britain, ships flying the British flag continue to carry goods into North Vietnam—a country with which we are at war.

And this is not all. Prior to the United Nations sanctions, Rhodesia was our major source of chromium ore. Now we are in the strange position of having to purchase chrome from the Soviet Union who supplies the bulk of the raw materials for the North Vietnamese war effort.

Former Secretary of State Dean Acheson has long advocated a more reasonable U.S. policy toward Rhodesia. Mr. Acheson has called the United Nations economic sanctions "barefaced aggression, unprovoked, and unjustified by a single legal or moral principle."

I submit that both the question of Rhodesian independence, and the Rhodesian form of government are questions to be decided between the two countries involved. The American Government has no business interfering.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield.

Mr. ERVIN. I ask the Senator from Virginia if the Constitution of the United States does not provide that the power to regulate interstate and foreign commerce belongs to Congress and not to the President of the United States.

Mr. BYRD of Virginia. The Senator from North Carolina is exactly right.

The Senator from North Carolina is one of the ablest constitutional lawyers in the United States, and what he says is absolutely correct.

I think it is absolutely wrong for the executive branch of Government to invoke economic sanctions on its own, which was done under the previous administration—without submitting it to Congress—against a peaceful country, a country which is not at war with the United States, a country which is not bothering any other country.

The Senator from North Carolina has brought up a vitally important point in his statement this morning.

Mr. ERVIN. I thank the Senator from Virginia.

I also ask the Senator from Virginia whether he agrees with the Senator from North Carolina that President Johnson usurped and exercised a power he did not possess under the Constitution when he ordered an embargo on shipments to Rhodesia.

Mr. BYRD of Virginia. I agree 1,000 percent with the Senator from North Carolina.

Mr. President, just recently, Mr. Acheson has again spoken out on our Rhodesian policy. He testified before the African Subcommittee of the House Committee on Foreign Affairs.

I ask unanimous consent that the text of his remarks be printed in the RECORD at this point.

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

STATEMENT OF DEAN G. ACHESON BEFORE THE SUBCOMMITTEE ON AFRICA, COMMITTEE ON FOREIGN AFFAIRS, HOUSE OF REPRESENTATIVES, NOVEMBER 19, 1969

The question whether Britain should, and on what terms might, grant independence to Rhodesia misses the essential operational reality. Britain had no power, and has no power, to grant or withhold Rhodesian independence. Rhodesia's independence of Britain is an established fact.

The dispute between Rhodesia and Britain focused on procedure for amending certain items in the Rhodesian constitution. The British official mind became befuddled by the concept of Parliament's supremacy. That idea has operational reality for the United Kingdom itself, where the instruments of administration are subject to Parliament's control. In view of Parliament's lack of leverage concerning the civil service, the courts, the police, the armed forces, the budget, revenue, commerce, or what not in Rhodesia, the idea of parliamentary supremacy projected to that land was an empty abstraction.

Rhodesia moved in 1965 to bring technicalities into line with operational realities by assuming full custody of its own constitution. It employed a power manifestly at its disposal, irrespective of the London government's acquiescence or objection. The action did not create the fact. It only registered the fact.

The British government invoked a parliamentary enactment which purportedly conveyed to it plenary powers to deal with the situation. It issued an Order-in-Council. That document purportedly abolished the governing structure in Rhodesia, assigned absolute control to the government in London, reduced Rhodesia to the status of a Crown Colony (which it had never been), and made the British-appointed figurehead governor in Salisbury a surrogate overlord of the land.

The provisions were fictitious. A more bizarre instance of fantasy decked out in trappings of law can scarcely be imagined.

To determine the pattern of rulership in another country requires conquering it. The British had neither appetite nor capabilities for doing anything of the sort. Nothing was farther from Prime Minister Harold Wilson's resourceful imagination than the intention to invade, to subjugate, to pacify, and to run Rhodesia.

International sanctions were what the British counted on to bail their policy out of bankruptcy. Wholesale commercial restrictions were to be a substitute for the war which the British lacked heart and means to fight.

We live in curious times. The British found the United Nations Security Council in a mood to be gulled. Chorusing anti-colonial cliches, assorted governments vowed to help Britain reduce a self-governing territory to Crown Colony status. British misrepresentations of the background and British misinformation about the prospects were accepted without question. When it came to a matter of declaring Rhodesia to constitute a threat to the peace, so as to rationalize application of mandatory sanctions under Article 41 of the Charter, the step was taken without the adducing of a scintilla of corroboratory evidence.

The actions which have been taken are, of course, in derogation of the Charter itself. The powers authorized by Chapter VII have been invoked not for the proper purpose of preserving peace but for doing something expressly forbidden by paragraph 7 of Article 2 of the Charter, which states that the United Nations is to keep hands off matters essentially within the domestic jurisdiction of states.

The idea of using commercial restrictions as a substitute for war in getting control over somebody else's country is a persistent and mischievous superstition in the conduct of international affairs. As in other instances, it has proved delusory in the Rhodesian case.

The results, all contraproductive, have been to encourage the British in impeding a settlement with Rhodesia by insisting on untenable conditions, to solidify the Rhodesian electorate's support of the regime, to push Rhodesia sharply rightward in political outlook, to slow up economic progress for the Rhodesian blacks, and to make the United States improvidently dependent on the Soviet Union for chromite.

In view of the manifest failure of economic sanctions, the question for this government now concerns next steps.

One theoretic possibility is a resort to direct hostilities under Article 42 of the Char-

ter, as urged by some black African governments.

That course seems to me to be absolutely out of the question. Britain has no will or means for such a venture. I cannot imagine this government's letting itself get involved in hostilities certain to encompass all of Southern Africa—a multifarious, remote, difficult area equal to a dozen Californias in size. To blunder into war in Southern Africa would have a divisive effect on our society measurelessly greater than Viet Nam has had.

An alternate idea is to extend sanctions to all Southern Africa. That is a scheme for redeeming folly by compounding it. Even if our government were to take leave of its senses and go along in such an undertaking, the British, I am sure, could be counted on to veto it. They are not about to cut off their lucrative trade with South Africa. In this respect at least, they have not lost perspective about means and ends.

What else? A few souls, reflecting little familiarity and no competence regarding what they are talking about, have urged invocation of Section 5(b) of the Trading-With-the-Enemy Act, as amended, or some other and hypothetical Act of Congress, with undefined provisions, as a measure for what they paradoxically call disengagement from Southern Africa. The only sure calculable result would be to provide a golden opportunity for capital from other countries, including especially South Africa, to take over extensive American corporate properties, operations, and markets at distress prices.

I do not see any way, just as I do not see any reason, for pressing further into the bog to which British folly, abetted by our own improvidence, has brought us.

I have seen three sorts of arguments on behalf of continuing sanctions. None of them strikes me as having even a shadow of validity.

The first such argument rests on a concept germane to public relations rather than to foreign policy soundly considered. Its gist is that persistence will garner moral credits for us among black African governments.

I reject any argument for persisting in folly in hope of applause. In this instance I think the argument is downright patronizing. It rests on a premise that other governments can be fobbed off with *tokenism*. Some of the black African governments have discerned the sterility of sanctions all along and insisted that war would be necessary if the purpose of redesigning the government in Rhodesia were to be realized. If we are not willing to go down that avenue—and I am devoutly hopeful and substantially sure that we are not—then the dignified course is to tell the black African governments concerned that they saw the matter correctly at the outset; that for manifest good reasons we are not of a will to take the steps necessary to the purpose; that the folly of economic hostilities under a guise of preserving peace has proved folly enough; that we are not in a mood to go as far as the ultimate foolishness of making war in the name of avoiding it; that, in reason, we must abandon a purpose that is beyond our jurisdiction anyway.

The second sort of argument for persisting in sanctions is a hope that somehow, in some unascertainable future through developments not now foreseeable, sanctions may produce deterioration of conditions to a point where Rhodesia's blacks will be incited to rise up against the regime and thus ignite war in Southern Africa. In hope of inducing the tragedy of war, this argument would have us cling to a policy originated ostensibly for the purpose of avoiding war. A more corrupted logic is hard to imagine.

The third argument for going on and on with sanctions is one uttered by a British government spokesman at a meeting of the United Nations Trusteeship Committee two weeks ago. While sanctions have proved inefficacious for the purpose of forcing the Rhodesian government to submit to being redesigned by others, they have had, according to his version, very important side effects in other directions in that they have denied Rhodesia the degree of economic development and outside capital investment necessary to the territory's economy if it is not to stagnate. So long as sanctions are maintained, Rhodesia's economy will never attain buoyancy. Thus he argued.

The prediction is at variance with observable trends. As its worst aspect, however, the argument is based not on principle but on malice. Sanctions, ostensibly designed for preserving peace, become a method of waging a mean war on prosperity. Impoverishment becomes a goal for international collaboration. The ethic of vengeance takes charge. One feels a touch of pity for the abjectness to which an old ally's policy has come. If we cannot dissuade the British from so shabby a goal, at least we should not feel impelled to accompany them further.

The question is how to get out of sanctions. We can and should do so by unilateral action if necessary, as well it may be.

One trouble is that the Charter does not take into account the eventuality of sanctions' coming a cropper. Neither does the United Nations Participation Act. Back at the time of their origin, almost a quarter century ago, it simply was not foreseen that Chapter VII would ever be invoked with such disregard for principles and practicality as we see in the Rhodesian instance.

It would be unwise and unnecessary to hold that the United States can extricate itself from sanctions only by the procedure by which it entered—to wit, by a vote of the Security Council susceptible of veto by any one of the Permanent Members. (I can scarcely imagine that the Soviet Union would fail to veto an action designed to free us from the predicament which we are in with respect to the availability and pricing of chromite ore.) My own belief is that the residual power remains with the United States, and rests specifically with the President, to determine whether and when an action under Chapter VII has failed and thereupon to declare an end to our obligation to continue the action.

I understand that the continued presence of the U.S. consular establishement in Salisbury is a matter of concern to the Subcommittee in view of the prospective proclamation of a Rhodesian republic. The allegation is that failure to close the consulate might be construed as a weakening of resolve to maintain sanctions and even as a prefigurement of eventual diplomatic recognition.

I do not see either of these results as a necessary corrollary of keeping open the consulate. If the conclusion were otherwise, however, I would ask: So what?

It is high time to get the folly of sanctions over and done with.

As for the question of eventual recognition, I am content to leave the matter where the Constitution puts it—in the President's discretion, subject to coordination with the Senate serving as a sort of council of state.

On September 25, 1969, the Senate acted on Senate Resolution 205, introduced by Senators Cranston and Aiken. Its gist is: "That it is the sense of the Senate that when the United States recognizes a foreign government and exchanges diplomatic representatives with it, this does not imply that the United States necessarily approves of the form, ideology, or policy of that government." The yeas were 77. The nays were 3. I call that an impressive majority.

At the Senate Foreign Relations Committee's hearing on June 17, 1969, on Senate Resolution 205, Mr. George H. Aldrich, Acting Legal Adviser of the Department of State, appearing in support of the resolution, said, "The proposed resolution reflects the established position of the United States that recognition of a foreign government does not imply approval of that government's domestic policies or the means by which it came to power."

Good! The Executive also goes along in what I regard as a sound approach.

The proper source of advice is the Senate, and it has spoken. The Executive branch appears to concur. Without venturing a specific prediction, I think I see signs of the end of an error.

INDUSTRIES SHOULD PAY FOR POLLUTING WATERS

Mr. YOUNG of Ohio. Mr. President, the Comptroller General recently issued an alarming report revealing that despite the expenditures of more than $5.4 billion between 1957 and 1969 to reduce water pollution, the rivers, lakes, and streams of our Nation are as foul and as polluted as they were before these expenditures had been made. The Comptroller General's report points out clearly that we are polluting our waters faster than we are cleaning them up.

The approach of making Federal grants for municipal waste treatment facilities on a first-come, first-serve basis, without regard to regional needs, much less anything resembling a national plan, has been entirely negated by the continued freedom of private industry to pour its waste into public waters with no effective penalty. This fact is confirmed in the GAO report. Our tolerance in permitting this continuing and, in fact, accelerated rate of pouring industrial wastes into the lakes and rivers of our Nation must no longer be tolerated.

I am happy to be a cosponsor of S. 3181 introduced by the distinguished senior Senator from Wisconsin (Mr. PROXMIRE). In brief, this proposed legislation would charge industries for the waste that they spill into waterways. Each polluter would be assessed and charged with penalties in substantial sums based on the quantity of the waste discharged, and also on its relative strength and toxicity.

Our rivers and lakes belong to all Americans. They were not meant to be the private dumping grounds for industrial concerns. Since they are in the public domain, the public has a right to charge those who despoil them and to spend the money collected on restoring the quality of the water. There is no reason why all Americans should be made to bear the cost of cleaning up water which industry has used without any charge or penalty in additional taxes to carry away its waste products.

Under the Proxmire bill half the funds raised through these effluent charges would be earmarked for municipal waste treatment systems to supplement Federal appropriations for that purpose. The other half would go into a trust fund for regional water improvement facilities managed by river basin associations.

Billions of dollars of taxpayers' money have been spent to maintain the purity of waters in our lakes, rivers, and streams. Three major legislative proposals have been enacted into law. Still, our waterways daily grow more filthy. As a result we suffer more slime on their surfaces, more dead fish along river banks, and more once beautiful sandy beaches closed.

The policy of assisting local governments to build waste treatment facilities has not and cannot by itself solve this pressing problem. Furthermore, Federal enforcement policy against individual

waste dischargers has been ineffective. Unfortunately, comparatively few enforcement actions have been brought against individual polluters. Frankly, I know of no effective action whatever taken by our Federal Government or State government to clean up Lake Erie, one of the most beautiful of our Great Lakes, with pure water and miles of white sandy beaches extending from Conneaut westerly to the border of Michigan beyond Toledo. Now Lake Erie is a dying lake—a huge cesspool. Many of the beaches are blackened and covered with scum. The fact is that many of them are great industrial enterprises with substantial economic and political power which their officers and directors do not hesitate to use.

The Government Accounting Office study indicated that approximately $7.7 million was spent on municipal sewage plants along one major American river. Nevertheless, pollution in the river decreased by only 3 percent. During the same period, the amount of industrial wastes dumped into the river rose by 350 percent. Study after study indicates that our present efforts have had almost no effect in controlling this source of pollution.

Unfortunately, under present laws it is cheaper in many cases for an industry to pay a fine and continue polluting the water than to develop adequate pollution control devices. The approach taken by S. 3181 is to make it unprofitable for industries to pollute water and profitable to install control measures. Through the imposition of a system of national effluent charges levied as a form of rent for the use of water to dispose of industrial wastes, industries would be encouraged from a profit motive to install adequate antipollution devices.

Waste disposal should be a legitimate cost of production. It should not be treated in a different manner from any other legitimate cost. This should be made national policy and our industrial leaders should accept this principle. They are not the only ones entitled to use our water resources. The public has a right to pure drinking water. Citizens have a right to recreational uses of waterways. Unfortunately, this concept has been lost over the years.

Lake Erie is a perfect example of what we have permitted to happen. The wastes from expanding cities and booming industries oozing into the once clear waters of Lake Erie, killing the life beneath its waves and soiling its shores with filth and scum, has made a cesspool of Lake Erie, a 250-mile long inland sea which is sick and dying. This, at a time when we need the lake as never before as an irreplacable supply of drinking water, as a recreational outlet, and as an indispensable resource for commerce and industry. Every day relentless flows of industrial wastes, inadequately treated sewage, and other obnoxious contaminants pour into our once crystal clear and beautiful lake to intensify the problem.

One of the most serious conditions is created by the large surplus of algae which fouls fishermen's nets and clogs intake filters to the extent that the taste of algae is present in the drinking water derived from the lake. More than 2,600 square miles of Lake Erie is already dead and unable to support desirable forms of animal life. Algae which cannot be seen without the aid of a microscope in healthy waters abounds throughout the lake in 50-foot lengths clogging municipal water intake valves. Much of it finds its way ashore to rot on the beaches, producing a most disagreeable odor. Public beaches near my home city, Cleveland, have, in fact, been declared unsafe for swimming since the 1940's.

Ohioans in my youth and young manhood were proud of the beautiful sandy beaches stretching for miles along the inviting waters of Lake Erie. Thousands would crowd to the beaches to find relief in Erie's waters from the summer's heat. Today, unsanitary swimming beaches stretch for miles along the Erie shoreline. The beaches remain beautiful, but the water is putrid.

No longer may fishing enthusiasts enjoy productive excursions to many favorite lake areas, for polluted waters have caused many species of fish to die and disappear entirely from the lake. Today, only one high-quality fish, the perch is abundant.

The commercial fishing industry on Lake Erie has been greatly curtailed by excessive contamination. Ten years ago, Erie, Pa, boasted a commercial fishing fleet of 30 ships. Today there is one. Ten years ago, a boat with a crew of five would usually catch 8,000 pounds of fish on one trip. Today, a two-man crew is fortunate if they catch 500 pounds of fish on one trip. During these few years, five species of fish have been completely eliminated from the lake. During the past decade, the total catch from the U.S waters of Lake Erie has declined 45 percent and the loss in terms of dollar value is staggering.

Industrial waste creates much of this pollution and Michigan cities are mostly responsible for it. For example, the Ford Motor Co. plants at Dearborn and Monroe, Mich., account for 19.7 percent of the total industrial waste into the lake. The Republic Steel plants at Cleveland, Lorain, and Buffalo rank second with a total percentage of 14.9 percent, and Bethlehem Steel in Lackawanna, N.Y., ranks third with 13 percent. Besides the phosphorous content of industrial waste, oil and chemicals poured in from factories and from ships also affect the water's taste and odor, and are responsible for killing the fish in the lake and making it unfit for public use.

Lake Erie is used as a source of supply by 27 municipal waterworks serving many communities. These systems serve millions of people and a large number of industrial concerns. In maney areas the supply of unpolluted water is rapidly disappearing. Some cities must place their intakes at excessive distances offshore and at staggering costs. Millions of people depend on Lake Erie for drinking water. In excess of 600 million gallons are drawn each day from the lake to fulfill the needs of these people.

Most of this filth in Lake Erie comes from the rivers that flow into it. It is estimated that of the 3 million tons of debris and filth pouring into Lake Erie every day, the Detroit River contributes more than half. Another major contributor is the Cuyahoga River. Debris-filled, oil slick, dirty-looking waterways defile the Cuyahoga at many places along its course. Some beaches are blocked competely by dead trees and stumps, while the banks are dotted with numerous small dumps. Trash ranging from tin cans to refrigerators is a common sight along the river. In the navigation channel, where the Cuyahoga flows through Cleveland, even more debris exists and the water surface is often black with oil from the industrial outfalls. The river is so saturated with oil that it sometimes catches fire. The lakefront in the Cleveland area is littered with debris consisting of discarded lumber, tree limbs, metal cans, paper products, dead fish, oil slicks, grease, and scum. The same is true in other metropolitan areas bordering the lake.

Mr. President, we are losing the battle to save our lakes and streams—losing it to pollution, which we have tolerated until it has grown to monstrous proportions.

We shall start to win that battle only when we stop tolerating pollution of our Nation's lakes, rivers, streams, and make it public policy to prevent it.

Ideally, all polluting should be flatly forbidden by law. Unfortunately, this is not feasible at this time. Meanwhile the need to reverse the trend toward contamination is desperate. The legislation introduced by Senator PROXMIRE is an effective change of strategy in the fight to protect our environment. It offers a reasonable transitional step on the road to a fully effective prohibition against all pollution.

Mr. President, it may be argued that some of the added costs that would incur as a result would be passed along to consumers. Unfortunately, this is probably so. However, Americans must resign themselves to paying a little more for the fruits of our industrial society if we are to enjoy those benefits in an environment tolerable enough to let us enjoy anything at all.

It is almost inconceivable that a Nation of supposedly civilized people would be so blind to its own self-interest and the welfare of its people to allow our Nation's greatest God-given natural resources to be contaminated and polluted beyond redemption and the use of fresh, clear water, and beautiful uncontaminated waterfronts denied to future generations. Now is the time for concerted, coordinated efforts to overcome once and for all this enormous problem. I am hopeful that immediately after the Congress convenes in January, S. 3181 will be approved in committee and passed by the Senate.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PROPOSED SUPPLEMENTAL APPROPRIATION—COMMUNICATION FROM THE PRESIDENT (S. Doc. No. 91–46)

A communication from the President of the United States, transmitting a proposed

supplemental appropriation for the fiscal year 1970 in the amount of $4,750,000 for the Treasury Department, which with an accompanying paper was referred to the Committee on Appropriations, and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION—COMMUNICATION FROM THE PRESIDENT (S. DOC. NO. 91–47)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1970, in the amount of $159,000, for the United States Section of the United States-Mexico Commission for Border Development and Friendship (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION—COMMUNICATION FROM THE PRESIDENT (S. DOC. NO. 91–48)

A communication from the President of the United States, transmitting a proposed supplemental appropriation in the amount of $9,698,591, to pay claims and judgments rendered against the United States (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

PROPOSED LEGISLATION ESTABLISHING AN OFFICE OF CONSUMER AFFAIRS

A letter from the Special Assistant to the President for Consumer Affairs, Executive Office of the President, transmitting a draft of proposed legislation to establish an Office of Consumer Affairs in the Executive Office of the President (with an accompanying paper); to the Committee on Government Operations, the Committee on the Judiciary, and the Committee on Commerce, by unanimous consent.

REPORT OF COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on questionable pricing of contracts negotiated for urgently needed bomb bodies, Department of the Navy, dated December 11, 1969 (with an accompanying report); to the Committee on Government Operations.

PROPOSED CONCESSION CONTRACT

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed concession contract under which Jack H. Church will be authorized to continue to provide the rental of saddle and pack animals, and related facilities and services for the public within Zion, Bryce Canyon, and Grand Canyon (North Rim) National Parks, Utah and Arizona, for a 10-year period from January 1, 1970, through December 31, 1979 (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORT OF POSTMASTER GENERAL

A letter from the the Postmaster General, transmitting, pursuant to law, a report covering claims presented in fiscal year 1969, showing for each claim the name of the claimant, the amount claimed, and the amount paid (with an accompanying report); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A resolution adopted by the Board of Supervisors for the County of Allegan, Mich., relating to the role of county government in the Federal system; to the Committee on Government Operations.

Resolutions adopted by the Council of Jewish Federations and Welfare Funds, Inc., of New York, N.Y., relating to taxes, and so forth; ordered to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations, without amendment:

H.R. 11711. An act to amend section 510 of the International Claims Settlement Act of 1949 to extend the time within which the Foreign Claims Settlement Commission is required to complete its affairs in connection with the settlement of claims against the Government of Cuba (Rept. No. 91–606).

By Mr. RUSSELL, from the Committee on Appropriations, with amendments:

H.R. 15090. An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1970, and for other purposes (Rept. No. 91–607).

REPORT ENTITLED "CONSTITUTIONAL RIGHTS"—REPORT OF A COMMITTEE (S. REPT. NO. 91–608)

Mr. ERVIN, from the Committee on the Judiciary, pursuant to Senate Resolution 236, as amended, 90th Congress, second session, submitted a report entitled "Constitutional Rights," which was ordered to be printed.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session, the following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Anthony D. Marshall, of New York, to be Ambassador Extraordinary and Plenipotentiary to the Malagasy Republic; and

Michael Collins, of Texas, to be an Assistant Secretary of State.

BILLS INTRODUCED

Bills were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. JAVITS (for himself, Mr. PERCY, Mr. STEVENS, Mr. GURNEY, and Mr. MATHIAS):

S. 3240. A bill to establish an Office of Consumer Affairs to advise the President with regard to all matters affecting the interests of consumers, to have central responsibility for coordinating all Federal programs and activities affecting consumers, and to assure that the interests of consumers are considered by Federal agencies; to establish a Consumer Advisory Council to advise the Director of the Office of Consumer Affairs on matters relating to the consumer interest; and to establish a Consumer Protection Division within the Department of Justice to represent the interests of consumers in administrative and judicial proceedings; to the Committees on Government Operations, the Judiciary, and Commerce, by unanimous consent.

(The remarks of Mr. JAVITS when he introduced the bill appear earlier in the RECORD under the appropriate heading.)

By Mr. SPARKMAN:

S. 3241. A bill for the relief of Dr. Benjamin Quejas Puzon; to the Committee on the Judiciary.

By Mr. RANDOLPH:

S. 3242. A bill to create a special bridge replacement program in title 23, United States Code; to the Committee on Public Works.

ADDITIONAL COSPONSOR OF A BILL

S. 2004

Mr. BYRD of West Virginia. Mr. President, at the request of the Senator from South Carolina (Mr. HOLLINGS), I ask unanimous consent that, at the next printing, his name be added as a cosponsor of S. 2004, to amend the Communications Act of 1934 to establish orderly procedures for the consideration of applications for renewal of broadcast licenses.

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

SENATE RESOLUTION 297—RESOLUTION SUBMITTED AUTHORIZING PRINTING OF ADDITIONAL COPIES OF THE 19TH ANNUAL REPORT OF THE ACTIVITIES OF THE JOINT COMMITTEE ON DEFENSE PRODUCTION

Mr. PROXMIRE (for himself and Mr. SPARKMAN) submitted the following resolution (S. Res. 297), which was referred to the Committee on Rules and Administration:

S. RES. 297

Resolved, That there be printed for the use of the Joint Committee on Defense Production one thousand additional copies of its nineteenth annual report.

SENATE RESOLUTION 298—RESOLUTION SUBMITTED AND AGREED TO EXPRESSING THE SENSE OF THE SENATE ON CONSTITUTIONAL GOVERNMENT IN GREECE

Mr. DODD submitted a resolution (S. Res. 298) to express the sense of the Senate on constitutional government in Greece, which, by unanimous consent, was considered and agreed to.

(The remarks of Mr. DODD when he submitted the resolution appear later in the RECORD under the appropriate heading.)

ADDITIONAL FEDERAL ASSISTANCE RELATING TO THE AIRWAYS SYSTEM—AMENDMENTS

AMENDMENT NO. 425

Mr. MOSS submitted amendments, intended to be proposed by him, to the bill (S. 3108) to provide additional Federal assistance in connection with the construction, alteration, or improvement of the airway system, air carrier and general-purpose airports, airport terminals, and related facilities, and for other purposes, which were ordered to lie on the table and to be printed.

EXTENSION OF PUBLIC HEALTH PROTECTION WITH RESPECT TO CIGARETTE SMOKING—AMENDMENT

AMENDMENT NO. 426

Mr. MONDALE submitted an amendment, intended to be proposed by him, to the bill (H.R. 6543) to extend public health protection with respect to cigarette smoking, and for other purposes, which was ordered to lie on the table and to be printed.

SENATOR RANDOLPH, CHAIRMAN OF THE COMMITTEE ON PUBLIC WORKS, DISCUSSES THE USE OF "SECONDARY BENEFITS," IN THE ECONOMIC EVALUATION OF WATER RESOURCE PROJECTS BY THE ARMY CORPS OF ENGINEERS

Mr. RANDOLPH. Mr. President, the Committee on Public Works, in its report on the River and Harbor and Flood Control Act of 1968 (S. Rept. No. 1342/90), expressed great concern for the possibility of an increase being made in the interest discount rate used in evaluating proposed water resources projects, without appropriate attention being given to consideration of all project benefits. The report stated that—

> If the benefit-to-cost ratio is to serve any meaningful purpose the uniform standards prescribed for project evaluation should be followed by all agencies, and the data furnished the Committees of Congress should accurately reflect all primary direct and indirect benefits as well as the secondary benefits as provided for in Senate Document 97.

The report went on to say that—

> Any increase in the discount interest rate should appropriately give attention to a reconsideration and restatement of principles, standards, and procedures for economic analyses of Federal water and related land resource projects.

The discount rate was subsequently increased to 4⅞ percent, an increase of 1⅝ percent over the rate previously in effect, to be used by the Corps of Engineers and other water resource agencies, in calculating the benefit-cost ratios of proposed projects. I am informed that the use of the higher interest rate has resulted in a number of proposed projects having benefit-cost ratios of less than unity. Many of these projects, if calculated at the lower interest rate, would have been economically justified.

While I do not disagree with the wisdom of raising the interest rate in light of present economic conditions, I do, however, feel that, if the method used to determine economic justification of projects is to be sound, all benefits as prescribed in Senate Document 97 should be considered. This, of course, is absolutely necessary if the procedure is to be equitable, since it has not been the practice of the Corps of Engineers to evaluate secondary benefits in its economic analysis of proposed river and harbor and flood control projects.

The economic analysis of a water resource project shows an increase in the interest rate has a double-barreled effect on the benefit-cost ratio. First, the cost side is affected. As the interest rate rises, the interest charge on the borrowed money increases and therefore the annual charge increases. It is a relatively minor effect compared to what happens on the benefit side. Benefits from water resource projects that occur during the life of the project are greatly diminished by even a small increase in the interest rate. Therefore, with an increase in the annual charges or annual cost of the project and a corresponding decrease in the annual benefits, the increased rate has a severe effect on both sides of the benefit-cost ledger.

I am, of course, gratified to learn that the Water Resources Council is presently giving consideration to a revision of Senate Document 97 as recommended in the committee's report on the 1968 River and Harbor Act. Knowing that a revision of these procedures will be time consuming, I wrote to the Chief of Engineers, Lt. Gen. Frederick J. Clarke, and asked that he give consideration to including evaluation of "secondary benefits" in the economic analysis of proposed water resources project being studied by that agency, as an interim measure pending issuance of detailed guidelines by the Water Resources Council. His response was most heartening. He has advised that he proposes to develop interim guidelines that would provide for the use of secondary benefits pending the issuance of definitive guidelines by the Water Resources Council. He indicates that, in those cases where the conventional ratio may be marginal, the Corps of Engineers would nonetheless consider a favorable recommendation based upon the significance and magnitude of employment effects arising first from the use of unemployed labor; and second, additional regional employment gains.

This action by the Chief of Engineers will relieve the inequity which resulted due to an increase in the discount rate without full consideration at the same time being given to all project benefits.

Mr. President, in view of the interest of the Members of this body in this matter, I ask unanimous consent that the committee's statement in Senate Report 1342/90, as well as my letter of October 3, 1969, to Lieutenant General Clarke, and his reply of November 17, 1969, be printed in the RECORD.

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

UNIFORM STANDARDS FOR WATER RESOURCE DEVELOPMENT

On October 6, 1961, President Kennedy directed a memorandum to the Secretaries of the Army, Interior, Agriculture and Health, Education, and Welfare citing the need for an up-to-date set of uniform standards for the formulation and evaluation of water resource projects.

The memorandum from the Secretaries setting forth a statement of "Policies, Standards, and Procedures in the Formulation, Evaluation, and Review of Plans for Use and Development of Water and Related Land Resources" was approved by President Kennedy on May 15, 1962 for use by all Federal agencies in the formulation of Federal projects for the development of land and water resources under their jurisdiction. That memorandum was printed as Senate Document 97 of the 87th Congress.

Today, 6 years later, we still do not have uniformity. Some agencies evaluate indirect and secondary benefits; others do not, although the inclusion of such benefits in project formulation has been recognized Federal policy for 6 years.

Even within an agency there is lack of uniformity. Some types of benefits are considered only if the project under study requires the inclusion of such benefits in order to show economic justification. In some districts of tthe Corps of Engineers, for instance, no attempt is made to fully evaluate all project benefits. Once economic justification is established further efforts to evaluate project benefits are abandoned.

If the benefit-to-cost ratio is to serve any meaningful purpose the uniform standards prescribed for project evaluation should be followed by all agencies, and the data furnished the committees of Congress should accurately reflect all primary direct and indirect benefits as well as the secondary benefits as provided for in Senate Document 97.

The committee is greatly concerned with this matter and feels that any increase in the discount interest rate should appropriately give attention to a reconsideration and restatement of principles, standards, and procedures for economic analyses of Federal water and related land resource projects.

OCTOBER 3, 1969.

Lt. Gen. FREDERICK J. CLARKE,
Chief of Engineers, Department of the Army, Washington, D.C.

DEAR GENERAL CLARKE: You will recall that the Water Resources Council, by publication in the Federal Register of December 24, 1968, promulgated a new Section 704.39 in Title 18 of the Code of Federal Regulations, containing a revised formula for determining the interest rate to be used each year by the U.S. Army Corps of Engineers and other Federal agencies in the formulation and evaluation of plans for the use and development of water and related land resources. Under the terms of Section 704.39, the interest rate was increased at that time from 3¼% to 4⅝%, effective after the close of the 2nd Session of the 90th Congress.

Subsection (a) of Section 704.39 stipulates in part as follows:

"(a) The interest rate to be used in plan formulation and evaluation for discounting future benefits and computing costs, or otherwise converting benefits and costs to a common time basis, shall be based upon the average yield during the preceding fiscal year on interest-bearing marketable securities of the United States, which, at the time the computation is made, have terms of 15 years or more remaining to maturity; *Provided, however,* That in no event shall the rate be raised or lowered more than one-quarter of 1 percent for any year."

Subsection (b) requires that the computation of the interest rate "shall be made as of July 1 each year, and the rate thus computed shall be used during the succeeding 12 months." In accordance with the foregoing provisions, the Water Resources Council by notice in the Federal Register of July 23, 1969, increased the interest rate from 4⅝% to 4⅞% from the period from July 1, 1969, to June 30, 1970.

Subsection (c) of Section 704.39 provides that the interest rate established as of July 1 each year, now 4⅞%, "shall apply to all Federal and federally-assisted water and related land resources project evaluation reports submitted to the Congress, or approved administratively, after the close of the second session of the 90th Congress."

It is my understanding that, as required by subsections (b) and (c) of Section 704.39, you have instructed the District and Division Engineers to use the higher interest rate of 4⅞% in the formulation and evaluation of all plans for use and development of water and related land resources, and recomputation of the favorable benefit-cost ratios in the reports referred to in subsection (c), for submittal to higher authority.

The application of the higher interest rate, as it is determined by the Water Resources Council on July 1 of each year, to the projects presently under study by the Corps of Engineers and other Federal agencies, and those referred to in subsection (c) of Section 704.39 might jeopardize the economic justification of certain of these projects unless secondary and intangible or indirect benefits that would result from such projects are evaluated at the same time. The analysis and evaluation of such secondary and intangible or indirect benefits is *definitely* required or contemplated by Paragraphs A.4 and 8, C.I. and 4, D.1, 3 and 5 of Section V of Senate Document No. 97, 87th Congress, entitled "Policies, Standards, and Procedures in the Formulation, Evaluation, and Review of Plans for Use and Development of Water and Related Land Resources".

The policies, procedures and criteria set

forth in Senate Document 97 relating to evaluation of secondary or indirect benefits as well as direct benefits are in the nature of directives which should be complied with now by the Corps of Engineers to the best of its ability, pending development and issuance of more definitive guidelines in this respect by the Water Resources Council. To my knowledge, there is no definite information as to when the Water Resources Council's guidelines will be issued in final form. It is most inequitable and unfair to evaluate or reevaluate waterway project costs on the basis of the higher interest rate and at the same time fail to evaluate secondary and intangible or indirect benefits as required by Senate Document 97, since this procedure might jeopardize the economic justification of certain projects.

Accordingly, as an interim measure pending issuance of detailed guidelines by the Water Resources Council, I would expect that any reports submitted to the Committee on Public Works would include the evaluation of secondary and intangible or indirect benefits in those cases where the application of the higher interest rate may have the effect of destroying the economic justification of the project. Please advise me of your plans to accomplish this. Your cooperation will be very much appreciated.

Truly,

JENNINGS RANDOLPH,
Chairman.

DEPARTMENT OF THE ARMY, OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D.C., November 17,1969.

HON. JENNINGS RANDOLPH,
Chairman, Committee on Public Works,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter concerning the use of secondary benefits for project evaluation and justification.

The policies, procedures, and criteria set forth in Senate Document No. 97, as you have pointed out, do provide for the consideration and use of secondary benefits. Secondary benefits are defined in Senate Document No. 97 as the "increase in the value of goods and services which indirectly result from the project under conditions expected with the project as compared to those without the project." In large measure they can be associated with employment resulting from the use of water projects. When they result in the employment of otherwise unemployed or underemployed labor they can be considered to accrue to the national (income) account. These national employment effects as well as additional employment that affects only regional income are generally considered secondary employment benefits occurring at the regional level. Secondary benefits also arise when capital and other resources can be used more efficiently, but these are extremely difficult to evaluate.

With the exception of the consideration of area redevelopment benefits (the benefits arising from the use of otherwise unemployed labor for project construction and operation), the Corps of Engineers generally has not evaluated secondary benefits for project justification primarily due to very difficult and complex identification and measurement problems. The major problems have been related to a demonstration that the secondary benefits which can be identified will in fact accrue to the national or regional amount and whether or not in the absence of a specific water project secondary benefits associated thereto would be forthcoming by using the project investment in an alternative use. The latter measurement problem is sometimes referred to as secondary costs or secondary benefits foregone. The inability to measure these has been put forth by most critics as the essential reason why the Corps of Engineers and other water agencies should defer any action on consideration of secondary benefits pending a reasonable resolution of this problem.

Within the past year as our Appalachian Study has been nearing completion and with the initial effort of the Water Resources Council on evaluation practices completed, we believe it will be possible to develop interim guidelines for the use of secondary benefits pending the issuance of definitive guidelines by the Water Resources Council. We feel that these efforts together with the results of recent and current research on this subject provide a basis such that we can reasonably bridge those measurement problems that have heretofore constrained our use of secondary benefits.

We propose to develop interim guidelines that would provide for the following:

1. An evaluation of total employment changes related to project development to include both the use of unemployed and underemployed labor resources for areas where there is a demonstrated and significant chronic or persistent unemployment problem and the total employment change at the regional level.

2. Where possible a categorization of the employment benefits so evaluated in terms of national and regional effects.

3. The formation of a regional employment benefit-to-cost ratio that would show total employment gains (both national and regional) to total project and associated costs. Total employment gain in income terms would include wages and salaries to otherwise unemployed labor as well as to all other labor resources that would benefit at the regional level. As such this ratio would reflect an index of a total regional employment effect as a result of a project. This would be in addition to the conventional ratio that would relate total primary and area redevelopment benefits to total project costs.

In those cases where the conventional ratio may be marginal, the Corps of Engineers would nonetheless consider a favorable recommendation based upon the significance and magnitude of employment effects arising (1) from the use of unemployed labor; and (2) additional regional employment gains.

It is considered that the proposed guidance is consistent with the intent of Senate Document No. 97 on the question of secondary benefits and with guidelines set forth in the initial statement of the Water Resources Council Special Task Force Report. It also reflects a reasonable approach in dealing with some of the measurement problems.

Guidance will be issued and be made applicable to all project studies where employment effects (national and regional) are considered to be significant. In special cases in the past and in some of our current investigations such as Appalachia the procedures set forth above have been and are being incorporated in the project evaluation.

We shall, of course, continue to work closely with the Water Resources Council in its efforts to cope more fully with the secondary benefits question along with the other evaluation concerns.

Sincerely yours,

F. J. CLARKE,
Lieutenant General, USA, Chief of Engineers.

THE SYSTEM OF MILITARY JUSTICE

Mr. INOUYE. Mr. President, the past several weeks have focused attention on one of the most important but least understood parts of our armed services—the system of military justice. On July 22, I introduced S. 2674 to provide for the procurement and retention of judge advocates and law specialists officers for the Armed Forces. The events that have occurred as a result of the disclosure of the alleged incident at Mylai, the "mutiny" at the Presidio, and "race" riots on several posts have confirmed my belief that we must act immediately to strengthen the system and to preserve and, if necessary, to improve the quality of the judge advocates serving with the armed services.

If military justice is to retain the confidence of members of the services, we must do our utmost to guarantee that the advice and representation they receive are the best that we can provide. Even the soldier accused of the most heinous crime ought to know that he will be accorded all his constitutional rights consistent with our Anglo-American legal traditions, and every defendant should be secure in the knowledge that his counsel is competent, experienced, and free from undue command influence.

I fear that this ideal is not sustained by reality. Indeed, there is the distinct danger that the quality of the legal services in the Armed Forces may decline under the combined impact of substantial financial rewards as a civilian lawyer and the frustrations of military life.

My bill is designed to insure the retention of adequate numbers of experienced lawyers in the uniformed services. Within the last few years, the problem of keeping competent, experienced judge advocates has become acute. Figures released in October 1968 indicate the seriousness of the military lawyer retention problem. It has been estimated that there is an existing shortage of approximately 737 experienced lawyers: 323 in the Army, 170 in the Navy, 112 in the Marine Corps, and 132 in the Air Force. The Department of Defense study containing these figures also revealed that the number of experienced lawyers relative to the total on board will be as follows: Army, 29 percent; Navy, 36 percent; Marine Corps, 16 percent; and Air Force, 42 percent. Defense Department witnesses testified that this is not a safe balance between experienced and inexperienced lawyers. The shortage of experienced lawyers is particularly severe in the 8–15 years service category.

Hitherto, the services have been able to meet their needs by utilizing young lawyers who prefer 4 years as a judge advocate to 2 years as an enlisted man. However, the problems noted above will be aggravated by the requirements posed by the new Military Justice Act of 1968 and as the dangers of the draft decrease. One factor that led many young men to join the Judge Advocate General's Corps was the pressure of the Selective Service. When this is removed, I have very little doubt that recruiting will become more difficult than it has in the past. Even if the total number of lawyers increased commensurate with the new demands for counsel, the dilemma posed by the deficiency in experienced lawyers would not decrease.

S. 2674 will meet this problem of retention by providing increased compensation for military lawyers. First, there will be special pay each month, ranging from $50 for a second lieutenant to captain to $200 for colonels and above. Second, the judge advocate who agrees to extend for at least 3 years will receive continuation pay at a rate equal to 2

months' basic pay per additional year he agrees to remain on active duty.

The Department of Defense has endorsed the need to take immediate steps to alleviate this deficiency in experienced lawyers. It was noted by the Acting General Counsel of the Department that "the lawyer retention problem is serious in each of the military services." He further noted that the Department "recognizes the chronic, critical nature of the military retention problem and the fact that incentives of the kind proposed in H.R. 4296 and H.R. 9567 have been effective in relieving other professional retention problems."

Opposition to the proposal has been based on the fear that enactment of this legislation would open the door to competing claims for special consideration. My retort to such fears is that there are already arrangements for additional compensation to enlisted men in some 484 designated skills. Moreover, physicians, dentists, and veterinarians currently receive additional pay as incentives. Additional compensation for needed skills has proved to be effective in retaining specialists, and there is no reason that it will not work in this instance. The number of alternatives is limited, and I believe that the time has come to recognize the critical dimensions of the problem by acting in a manner that has demonstrated its effectiveness.

I frankly cannot see any danger that other occupations will be given unjustified consideration if properly objective criteria are used to evaluate the claims in question. Finally, I should point out to Senators that this alleged tendency to open wide the door to other specialists is not substantiated by the action of the House, which resisted the efforts of representatives of other professions to add their vocations to that designated in the bill. I cannot believe that the Senate will be more susceptible to the claims of these special interest groups who cannot present a valid case.

Mr. President, again I call upon Senators to join me in my efforts to enact this badly needed legislation. The bill has already passed the House. Surely we can do no less in verifying our commitment to justice and law in our armed services.

CONSTRUCTION OF A DESALTING PLANT IN ISRAEL

Mr. NELSON. Mr. President, the conversion of brackish or salted water to water fit for human use and consumption is not a new idea. Nature has performed this process—with the sun causing sea water to evaporate and the water vapors being discharged as rain or snow for thousands of years.

But natural processes are no longer sufficient to meet our increasing water needs.

In 1950 President Truman, in his budget message, took note of the growing water-shortage problem when he said:

> Experience in recent years has been that it may not be possible to meet the shortages of water, which are a threat in some areas, through our extensive water resources program. I recommend, therefore, that the Congress enact legislation authorizing the initiation of research to find the means for transforming salt water into fresh water in large volume at economical costs.

President Eisenhower also recognized the dimensions of this critical problem and forecast that desalination would increase water supplies to relieve worldwide shortages and reduce international tensions. President Eisenhower worked out a detailed program for the construction of desalting plants in several of the Mideast countries. His plan envisaged plentiful water to enrich and aid the development of Mideast nations, believing that economic progress could lead the way to a lasting peace between Israel and her neighbors.

Shortly after President Kennedy took office in 1961, he pledged his administration would redouble its efforts in the saline water conversion field. President Kennedy recognized the attractiveness of desalting to other nations and said on June 29, 1961:

> Water—one of the most familiar and abundant compounds on the earth's surface is rapidly becoming a limiting factor on economic growth in many areas of this Nation and the world. As times goes on, more and more communities will be faced with the prospect of economic distress and stagnation unless alternative sources of suitable water are developed.
>
> It is essential therefore, that we make every effort at this time to search for low cost processes for converting sea and brackish water to meet our future water needs and those of our neighbors throughout the world. I know of no Federal activity that offers greater promise of making a major contribution to the ultimate economic well being of mankind than this program.

President Johnson on February 6, 1964, reiterated the views of two of his predecessors and said:

> . . . Our own water problems in this country are not yet solved. We, like Israel, need to find cheap ways of converting salt water to fresh water, so let's work together.

In signing the Anderson-Aspinall Act extending our desalting program, President Johnson stated:

> What we can—and must—do now is to free mankind from nature's tyranny by setting out to produce water when and where we need it at a price we can afford.
>
> Desalting is not a dream. We have only to learn to do these things at a price we can afford—and I am convinced we can learn before this decade ends.
>
> We can—and because we can, we must—develop the capacity to produce water when and where we need it at a price we can afford.

It is widely understood that ways must be devised to supplement our fresh water supply. The United States is using fresh water at the rate of approximately 360 billion gallons a day—almost three times the rate of 30 years ago. In 20 years our requirements are expected to triple. Right now, water use in this country is increasing at the rate of 25,000 gallons per minute. But while the demand grows, supply diminishes. However three-fourths of the earth's surface is covered with water, but this water is not at present fit for human use or consumption. We must now meet the challenge of making that water usable.

While our needs are great, the water problems are far more acute in other countries of the world where natural resources are more limited than ours. The problem exists in Israel to an alarming degree. Their water shortage problem is a real one, not an expectancy. It is estimated that the last of her natural water resources will have been fully utilized by the 1970's. Over 95 percent of the available water has been already tapped.

On August 13,1969 , I offered an amendment to the Foreign Assistance Act which was cosponsored by 22 other Senators: Senators CASE, EAGLETON, GOODELL, HARRIS, HART, HARTKE, HATFIELD, JAVITS, KENNEDY, MAGNUSON, MCGEE, MONDALE, MUSKIE, PELL, RIBICOFF, SAXBE, SCHWEIKER, SCOTT, TYDINGS, WILLIAMS of New Jersey, YARBOROUGH, and YOUNG of Ohio.

This proposal would provide U.S. assistance for the cooperative construction of a desalting plant in Israel. It would help Israel meet its needs for cheap water and would also give us first hand experience in the operation of a large scale desalting plant which will be of great benefit to us in the future.

I am pleased that the Committee on Foreign Relations recognized the need for a desalting plant in the Mideast—in Israel, and the important residual benefits domestically to the construction of such a project. However, the committee provided money for this project in the development loan section of the bill rather than authorizing a specific grant of $40 million as did the House of Representatives. Under the committee bill a grant would not be possible. But it seems to me that the economics of this venture requires a grant, not a loan.

In my view we ought to authorize a $40 million grant to the Israeli Government for this project. It is my hope that the Senate conferees will agree to the House language when the bill goes to conference and that the administration will carry out this legislative initiative.

A SEA LEVEL CANAL: A "HARDY PERENNIAL"

Mr. THURMOND. Mr. President, in the current drive to secure authorization for construction of a new Isthmian Canal of so-called sea level design, there has been much discussion of the use of nuclear power for massive excavation, for which, until recently, there was no adequate textbook on nuclear explosive engineering. To meet this need, there was published by McGraw-Hill the first such book, in 1968, prepared by Edward Teller, Wilson K. Talley, Gary H. Higgins, and Gerald W. Johnson, under the title of "The Constructive Uses of Nuclear Explosives." This volume makes easily available for independent engineers, geologists, and others concerned, indispensable information for the evaluation of nuclear excavation projects.

In a recent article by William B. Collier, a student of interoceanic canal problems with a background of business, engineering, and naval experience, he applies the principles set forth in the Teller and others book to the Isthmian question and concludes that the best solution is the major modernization of the existing Panama Canal in accordance with what is known as the Terminal Lake third locks plan. Identical measures for such authorization have been introduced in both House and Senate. I am the sponsor of

the Senate bill, S. 2228, and the distinguished junior Senator from Texas (Mr. TOWER), is cosponsor.

Mr. President, in this connection, I would point out that these bills have been supported by many qualified independent authorities and organizations, including engineers, geologists, physicists, biologists, navigators, the Canal Zone AFL–CIO labor unions, and the 1969 annual convention of the American Legion. Most importantly, the indicated measures do not require the negotiation of any new treaties with Panama, and the United States would continue its indispensable sovereign control unimpaired.

Aside from the prime strategic importance of the Panama Canal for interoceanic commerce, there are financial angles that must be considered and not ignored or disregarded. The U.S. investment in the Panama Canal enterprise, including defense, from 1904 through June 30, 1968, was $6,368,009,000. Recoveries during the same period were $1,359,931,421.66, making a net investment by the taxpayers of our country of over $5 billion. Included in this total are $76,357,405 expended on a third locks project for increased transit facilities, mostly on lock site excavations at Gatun and Miraflores, which are usable in modernizing the existing canal. The current enlargement of Gaillard Cut, scheduled for completion in 1970, is estimated to cost $81,257,097 and is another important step toward the major modernization of the existing high-level canal. Together, these two projects represent an expenditure of more than $157 million toward its major increase of transit capacity and operational improvement.

In addition, I would invite the attention of Congress to the fact that the negotiators of the proposed treaties which I had printed in the CONGRESSIONAL RECORD of July 17, 21 and 27, 1969, ignored or disregarded the important provision in article IV, section 3, clause 2, of the U.S. Constitution, which vests the power to dispose of territory and other property of the United States in the Congress—Senate and House—and not alone in the treatymaking power—President and Senate.

Mr. President, because the indicated article by Mr. Collier is most illuminating and convincing from both historical and technical points of view, I ask unanimous consent that it be printed in the RECORD, along with the text of S. 2228 and the 1969 resolution of the American Legion.

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

SEA-LEVEL CANAL A HARDY PERENNIAL

(By William B. Collier)

The persistence of advocates of a new sea-level canal in reopening negotiations with Panama recalls the confrontation between Viscount Kitchener and Theodore Roosevelt upon the occasion of the former President's visit to London as Special Ambassador to represent President William Howard Taft at the funeral of King Edward VII of England. Theodore Roosevelt's account of the incident follows in part:

"He suddenly attacked me on the subject of the Panama Canal, saying that it was a great mistake not to have made it a sea-level canal. I at first answered in a noncommital way, but he kept up on the subject and in a very loud voice repeated that it was a great mistake, that it was very foolish on our part, not to have had it a sea-level canal, and he could not understand why we did not build one. I said our engineers on the ground reported that there were altogether too many difficulties and too few advantages in a sea-level canal, to which he responded: "I never regard difficulties or pay heed to protests like that; all I would do in such a case would be to say 'I order that a sea-level canal be dug, and I wish to hear nothing more about it.'" I answered, "If you say so, I have no doubt you would have given such an order; but I wonder if you remember the conversation between Glendower and Hotspur, when Glendower says, 'I can call spirits from the vasty deep,' and Hotspur answers, 'So can I, and so can any man; but will they come?'"

The proposal in "The Constructive Uses of Nuclear Explosives" by Teller, Talley, Higgins, and Johnson to blast a sea-level canal from the Gulf of San Miguel to Caledonia Bay is of particular interest to students of American history. The Caledonia Bay (Sasardi-Morti) route is the first across the Isthmus of Panama discovered by the early Spanish explorers.

Vasco Nunez de Balboa sailed from his capital, Santa Maria de la Antigua de Darien on September 6, 1513, toward Caledonia Bay. Guided by Indians he climbed to the top of the continental divide and on September 25, 1513, became the first European to see the Pacific Ocean. On September 29th he waded into the Gulf of San Miguel and claimed all lands washed by the Pacific Ocean in the name of King Ferdinand of Spain.

Not long after Balboa discovered the Pacific, King Ferdinand ordered a road built across the Isthmus from Nombre de Dios on the Atlantic to Panama on the Pacific. This road became the highway for mule-pack shipments of gold and silver from Peru and for wool, indigo, dye woods and mahogany from other Spanish colonies en route to Spain.

Charles V ascended the throne in 1516 and ordered all governors of Spanish colonies in Central America to conduct careful surveys of all bays and rivers to find a passage from the Atlantic to the Pacific. In 1522 Gonzales de Avila sailed from Panama to the Gulf of Fonseca and discovered Lake Nicaragua.

The following year King Charles V directed Hernando Cortez to search "for the passage which would connect the eastern and western shores of the New World and shorten by two thirds the route from Cadiz to Cathay." Cortez established the transit route along the Coatzacoalcos River across the Isthmus of Tehuantepec in Mexico. The Tehuantepec route is 125 miles long with a summit elevation of 810 feet.

By 1525 the Spanish had discovered that Lake Nicaragua was connected to the Atlantic by the San Juan River but separated from the Pacific by a narrow strip of land only 153 feet above sea level. If the Spanish had been given more to enterprise and engineering than to conquest and shipping gold and silver back to Spain, they could have built a dam near the mouth of the San Juan River and a flight of locks to lift vessels to summit level of Lake Nicaragua, elevation 105 feet, cut across the narrow and low continental divide with a flight of locks and a ship channel through the valleys of Rio del Medio and Rio Grande to the Port of Brito on the Pacific Ocean. This route is 187 miles long but requires the minimum of digging.

In 1527 an expedition following the route of the present Panama Canal sailed up the Rio Grande from Panama, carried their canoes eight miles across the continental divide through Culebra Pass to Rio Obispo and down Rio Chagres to the Atlantic Ocean, a total distance of 40 miles. The following year, Spanish engineers proposed to their government that a waterway be constructed by digging across the continental divide from Cruces to connect Rio Obispo to the Rio Grande.

Within 25 years after arriving on the Central American Isthmus in 1502, the Spanish conquistadores had found the only two existing routes suitable for an Atlantic-Pacific ship canal. Because of lower continental divides, 153 feet at Nicaragua and 290 feet at Panama and great river valleys cutting across the Isthmus on both of these routes, these two became the great rivals for trans-isthmian commerce. They are rivals today. Even after the expenditure of more than 19 millions of dollars by President Johnson's Atlantic-Pacific Interoceanic Canal Study Commission for new surveys and various studies, the existing Panama Canal is the only route where a sea-level canal could be constructed, and the Nicaragua route is the best location for a second high-level lake and lock canal. A combination seaway and hydroelectric project is being considered by Colombia along the Atrato River flowing into the Atlantic and the San Juan River flowing into the Pacific.

The route from the Gulf of San Blas to the Bayano River flowing into the Pacific is only 30 miles across the narrowest part of the Isthmus, but the continental divide is 1100 feet high crossing this route. The distance from Caledonia Bay to the Gulf of San Miguel is 35 miles with a continental divide of 1080 feet above sea level.

Edward Teller and associates have selected the Caledonia route for detailed discussion of a sea-level canal not because it is feasible to dig a canal along this route but because the tropical jungle in this locality is so sparsely populated that fewer people will have to be relocated outside the danger area from air blast and ground shock incidental to the use of nuclear explosives. The Atrato-Truando route is also considered desirable from this point of view but is 93 miles long. The shorter San Blas route cannot be considered because of its too-close proximity to the Canal Zone and the population centers of Colon and Panama City. Both the Panama Canal and the Nicaragua route are out of the question for the same reason.

The old dream of a sea-level canal is a hardy perennial. When Ferdinand de Lesseps visited Panama in December 1879 to inaugurate his unsuccessful undertaking to dig a sea-level canal, he said: "There are only two great difficulties to be overcome, the Chagres River and the deep cutting at the summit. The first can be surmounted by turning the headwaters of the river into another channel, and the second will disappear before the wells which will be sunk and charged with explosives of sufficient force to remove vast quantities at each discharge."

Ferdinand de Lesseps came to Panama following his success in opening a ship channel through relatively level sand in the desert between the Gulf of Suez and the Mediterranean Sea. He was a successful promoter and a diplomat but not an engineer by education. He did not realize that a successful engineer must adapt his plan to the terrain on which he builds. Had he looked on the great river valleys of the Chagres and the Rio Grande with the eyes of an engineer, he would have seen them as suitable for the formation of lakes. Had he estimated his costs accurately and considered what he could expect to finance, he would have adopted the high-level lake and lock canal proposed by the distinguished French engineer, Adolphe Godin de Lepinay as the best possible plan for transiting ships across the Panamanian Mountains.

Edward Teller is not so presumptuous as to impose an impossible decision on the engineer. The nuclear scientists seek only to lay the scientific foundations and apply the information necessary for civil engineers and geologists, who may find it less expensive to use nuclear explosives in massive earth-moving projects.

Professor Teller seeks to beat his sword into a plowshare. With this purpose in mind, a small group of scientists met at the Lawrence Radiation Laboratory, Livermore, California, in the Fall of 1956. After President Eisenhower failed to support Anthony Eden when he went to the defense of the Suez Canal, this vital artery of commerce was lost to the free world. Professor Teller and his group met to discuss the possibility of cutting another canal through friendly territory with nuclear explosives. Although this plan was eventually dropped, the idea of constructing a sea-level canal across the Central American Isthmus has remained the focus of Plowshare.

De Lesseps' explosives shattered rock and loosened soil to be hauled away by railroad. Heavy tropical rainfall washed the mountain down into his ditch and buried the French excavating equipment. Perhaps it was impossible to dig a sea-level canal at Panama with the engineering equipment and techniques of the 19th century. In any event the French failure left the level near Cerro Culebra at elevation 193 feet, where it remained until President Theodore Roosevelt purchased the French diggings in 1904.

Although de Lesseps proposed a flood-control dam at Alhajuela, site of the present Madden Dam and Reservoir, the French never solved the problem of the torrential floodwaters of the Chagres River. It remained for the distinguished American engineer, John Frank Stevens, to make "the great decision" to build a dam at Gatun and "make the Chagres the servant instead of the master of the situation." Putting the flood waters of the Chagres River to beneficial use created the large, high-level (82'—87') Gatun Lake and the small, intermediate-level (54') Miraflores Lake. These two lakes, on opposite sides of the continental divide, provide safe navigating channels for more than half the distance across the Isthmus. Establishing a summit level of 85 feet reduced the magnitude of excavating a ship channel through the central mass to one of manageable proportions and enabled Col. George Washington Goethals to open the Panama Canal to the commerce of the world on August 15, 1914.

The authors of "The Constructive Uses of Nuclear Explosives" have produced calculations to show that a total of 35 megatons of nuclear energy will produce craters deep enough for a sea-level channel through the 1080-foot elevation. These calculations are based on experiments in the kiloton range carried out on the Nevada Test Site. They have not been tested in the megaton range. Because of the hazards from air blast and ground shock, a limit of 12 Mt has been placed on a single explosion. This means that to move a 1080-foot mountain will require three detonations set off a month apart and totaling 35 Mt. The entire sea-level canal will require a total explosive yield of 170 Megatons divided among 302 devices of various yields. Because of the high total yield, problems of blast and seismic shock preclude the excavation of the canal in a single explosion. With a maximum yield of 12 Mt. in a single detonation, 14 separate explosions will be required. The devices will cost 200 million dollars.

According to Soviet publications, 9,352 tons of chemical explosives were placed in 1,936 holes from 30 to 50 feet deep and fired simultaneously, excavating a nine-mile-long cut in one detonation. If the nuclear physicists could set off their whole row of explosives in a single detonation, they think they could excavate a canal with smooth banks. Since they cannot, conventional methods will be necessary to connect a row of nuclear craters. The greatest uncertainty is the practicality of achieving a stable cut through the 1080-foot elevation. Among the alternatives suggested by the authors are a realignment of the canal or the excavation of part of the cut by conventional earth-moving techniques, costing from two to four billion dollars!

In building the Panama Canal, the material removed from Culebra Cut was hauled away by the Panama Railroad and used to construct the earth-filled dams at Gatun and Miraflores, to extend a breakwater from the mainland to Naos Island, and to build other projects.

In nuclear cratering, half the material is thrown out and deposited around the rim of the crater, and the other half falls back into the excavation. The slope is one to one or 45 degrees. The material which slides back into the true crater is changed in character and is deposited in a loss state. The shocked material in the rupture zone has been fractured and displaced in various degrees. Since the geologic formation of the mountains is known to be unstable, these factors inherent in underground nuclear explosions add to and contribute to slopes which would be unstable in any case. Heavy tropical rainfall and flash floods will wash the material back into the canal in massive landslides which will make the Cucuracha slide of early Panama Canal days look like the mud slides of last winter in California, where the transgressions against the hills were committed with bulldozers—not with hydrogen bombs!

One of the steps to be taken in the development of techniques of using nuclear explosives as an engineering tool was the proposal for a harbor development in Australia. This project has been abandoned as not feasible, and the problem has been solved by conventional means. Until such time as nuclear excavating techniques prove feasible for some intermediate project, such as a harbor or highway cut within the territorial limits of the United States, the use of nuclear explosives for engineering purposes must remain where it is today, in the early experimental stage. The step from engineering estimates to engineering design for a sea-level canal across the Central American Isthmus cannot be taken at this time because of the Nuclear Test Ban Treaty, to which both Panama and the United States are committed.

Adding four billion dollars for conventional earth moving to Teller's estimated cost of 655 million dollars for nuclear excavation of a sea-level canal from the Gulf of San Miguel to Caledonia Bay plus still another five billion dollars for defense and supporting facilities, which are already paid for at the site of the existing Panama Canal, brings the total cost of a new canal to ten billion dollars.

There is no economic justification for such an unnecessary drain on an already bankrupt U.S. Treasury. The current traffic flow at the existing Panama Canal is caused partly by ships trading between Europe and the Far East which formerly used the slightly shorter Suez route. Following the voyage of the steamship *Manhattan* through the Northwest Passage to open a channel for the shipment of Alaskan oil to refineries at Atlantic ports, a new and much shorter route to the Far East will be available through the Bering Sea.

Before the development of the hydrogen bomb, some defense experts favored a sea-level canal because of its supposed immunity from enemy attack. In recent years, however, experts in nuclear warfare have established in Congressional debate that one nuclear weapon exploded in the slide area of the cut through the continental divide could produce massive landslides which would close any canal for a period of years before it could be cleared of radioactive debris. Thus, the security of the Panama Canal, like the defense of our principal cities, becomes a matter of the moral, the spiritual, and military strength of the American people.

What is needed at Panama is a two-way ship channel through the central mass and a third lane of larger locks to accommodate the larger ships now engaged in international trade. Work on widening the 300-foot channel through Culebra Pass to 500 feet bottom width was begun in 1960 and will be completed in 1970. The third lane of larger locks was authorized by Congress in 1939. Excavations for the new locks at Gatun and Miraflores were completed when work was suspended in 1942. The Panama Canal Modernization Act, a bill to complete the third lane of locks in accordance with the Terminal Lake Third Locks Plan, is being held up in the House of Representatives by the Chairman of the Committee on Merchant Marine and Fisheries at the request of Robert B. Anderson, Chairman of President Johnson's Atlantic-Pacific Interoceanic Canal Study Commission.

With faith in the future of moving mountains by means of nuclear explosives, President Johnson and his Ambassador Anderson negotiated three new treaties with the Robles Administration of Panama, one for the new sea-level canal, a new defense treaty, and one to cede the United States Territory of the Canal Zone to Panama and for joint administration of the Panama Canal. In so doing they acted without legislative authorization and ignored or disregarded Article IV, Section 3, Clause 2 of the Constitution of the United States, which vests authority to dispose of territory and other property of the United States in the Congress (House and Senate) and not in the treaty-making power (President and Senate).

President Theodore Roosevelt considered the 1903 purchase of the Canal Zone the most important achievement of his administration and equal in importance to the Louisiana Purchase of 1803. The 1903 treaty "grants to the United States in perpetuity" the Canal Zone and several islands in the Bay of Panama and "all the rights, power and authority . . . which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."

The juridical basis for United States' operation of the Panama Canal is set down in specific detail in three treaties, the Hay-Pauncefote Treaty with Great Britain, the Hay-Bunau-Varilla Treaty with Panama, and the Thomson-Urrutia Treaty with Colombia. Under these three treaties the United States is bound to maintain the neutrality of the Panama Canal in perpetuity and to keep it open to the vessels of all nations on terms of entire equality and with tolls which are just and equitable. Colombia, as former sovereign of the Canal Zone, also has special rights and privileges set forth in the Thomson-Urrutia Treaty. When the secret Johnson-Robles treaties were exposed by the Chicago *Tribune* in 1967, both Great Britain and Colombia protested that their rights were jeopardized by the proposed new treaties.

William Howard Taft's theory of "Titular sovereignty" is based more on a rule of English grammar than on the intent of the high contracting parties. The words "leases to the United States in perpetuity" were taken out, and the words "grants to the United States in perpetuity" were written into the treaty at the insistence of the United States Secretary of State, John Hay, after conferring with prominent Republican leaders, including Elihu Root, and leading senators of both parties, including Senator John Tyler Morgan, Democrat from Alabama.

Before being submitted to the United States Senate for ratification, the treaty was ratified unanimously by the Provisional Government of Panama. This action resulted in rejoicing on the part of the Panamanian people, who did not want to lose the canal to Nicaragua, as provided by the Spooner

Act of 1902, as an alternative route. When the Republic of Panama adopted its first constitution in February, 1904, it expressly ratified all measures enacted by the Provisional Government, including the Hay-Bunau-Varilla Treaty. After ratification by the United States Senate and the payment of ten million dollars gold to the Republic of Panama, the Canal Zone became constitutionally acquired territory of the United States of America.

Following ratification of the 1903 treaty, Minister of Government Tomas Arias of Panama, a member of the independence movement which gave birth to the Republic of Panama, gave the following statement to George W. Davis, Governor of the Canal Zone on May 25, 1904:

"The Government of the Republic of Panama considers that upon the exchange of ratifications of the treaty for opening an interoceanic canal across the Isthmus of Panama its jurisdiction ceased over the Zone."

Secretary of War William Howard Taft, when testifying before the Senate Committee on Interoceanic Canals on April 18, 1906, characterized "titular sovereignty" as "a barren ideality." It remained for President Eisenhower to give it an unintended meaning by ordering the flag of Panama flown side by side with the flag of the United States of America in Shaler Triangle.

The Gross Amendment to the Department of Commerce and Related Agencies Appropriations Bill, 1961, prohibited the use of any funds appropriated in that Act for the display of the Panamanian flag in the Canal Zone. This Act, passed by both the House and Senate and signed into law by the President of the United States, clearly expressed the will of Congress. After Congress adjourned in 1960, President Eisenhower authorized the use of other funds to fly the flag of Panama in Shaler Triangle.

President Kennedy in 1963 extended this illegal display of the Panamanian flag in the United States Territory of the Canal Zone by agreeing to fly the flag of Panama side by side with the flag of the United States at 17 locations where the flag was flown by civilian authorities and not to fly the Stars and Stripes at other locations where the flag of Panama was not authorized to be flown.

When the students of Balboa High School returned to classes on January 2, 1964, following the Christmas recess, they found no flag flying in front of their school. On January 3, 1964, a petition to President Johnson to fly the U.S. flag outside Balboa High School was circulated and signed by nearly 500 students. On January 7 students raised the Stars and Stripes to its customary place at the top of the flag pole provided for that purpose outside Balboa High School. The following day a large number of students at Cristobal High School with substantial parental support raised the U.S. flag in front of their school.

Following the Castro-inspired Panamanian riots of January 9, 1964, President Johnson made the last correct statement of U.S. Canal policy issued by the Chief Executive.

"The United States cannot allow the security of the Panama Canal to be imperiled. We have a recognized obligation to operate the Canal efficiently and securely, and we intend to honor that obligation in the interest of all who depend on it."

In view of recent behavior of Castro-inspired students in Panama, any weakening of the juridical base of the Panama Canal, such as renegotiating the basic treaty of 1903, will lead to a repetition of the situation at Suez. If the United States is to continue to honor its treaty commitment to operate the Panama Canal as an international public utility open to the commerce of all nations on terms of entire equality and at tolls which are just and equitable, then Congress should proceed without further delay to provide the additional lockage capacity and operational improvement necessary to meet present and future needs of world trade.

S. 2228

A bill to provide for the increase of capacity and the improvement of operations of the Panama Canal, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Panama Canal Modernization Act".

"SEC. 2. (a) The Governor of the Canal Zone, under the supervision of the Secretary of the Army, is authorized and directed to prosecute the work necessary to increase the capacity and improve the operations of the Panama Canal through the adaptation of the third locks project set forth in the report of the Governor of the Panama Canal, dated February 24, 1939 (House Document Numbered 210, Seventy-sixth Congress), and authorized to be undertaken by the Act of August 11, 1939 (53 Stat. 1409; Public Numbered 391, Seventy-sixth Congress), with usable lock dimensions of not less than one hundred and forty feet by not less than one thousand two hundred feet by not less than forty-five feet, and including the following: elimination of the Pedro Miguel locks, and consolidation of all Pacific locks near Miraflores in new lock structures to correspond with the locks capacity at Gatun, raise the summit water level to its optimum height of approximately ninety-two feet, and provide a summit-level lake anchorage at the Pacific end of the canal, together with such appurtenant structures, works, and facilities, and enlargements or improvements of existing channels, structures, works, and facilities, as may be deemed necessary, at an estimated total cost not to exceed $850,000,000.

(b) The provisions of the second sentence and the second paragraph of the Act of August 11, 1939 (53 Stat. 1409; Public Numbered 391, Seventy-sixth Congress), shall apply with respect to the work authorized by subsection (a) of this section. As used in such Act, the terms "Governor of the Panama Canal", "Secretary of War", and "Panama Railroad Company" shall be held and considered to refer to the "Governor of the Canal Zone", "Secretary of the Army", and "Panama Canal Company", respectively, for the purposes of this Act.

(c) In carrying out the provisions of this Act, the Governor of the Canal Zone may act and exercise his authority as President of the Panama Canal Company and may utilize the services and facilities of that company.

SEC. 3. (a) There is hereby established a board, to be known as the "Panama Canal Advisory and Inspection Board" (hereinafter referred to as the "Board").

(b) The Board shall be composed of five members who are citizens of the United States of America. Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate, as follows:

(1) one member from private life, experienced and skilled in private business (including engineering);

(2) two members from private life, experienced and skilled in the science of engineering;

(3) one member who is a commissioned officer in the Corps of Engineers, United States Army (retired); and

(4) one member who is a commissioned officer of the line, United States Navy (retired).

(c) The President shall designate as Chairman of the Board one of the members experienced and skilled in the science of engineering.

(d) The President shall fill each vacancy on the Board in the same manner as the original appointment.

(e) The Board shall cease to exist on that date designated by the President as the date on which its work under this Act is completed.

(f) The Chairman of the Board shall be paid basic pay at the rate provided for level II of the Executive Schedule in section 5313 of title 5, United States Code. The other members of the Board appointed from private life shall be paid basic pay at a per annum rate which is $500 less than the rate of basic pay of the Chairman. The members of the Board who are retired officers of the United States Army and the United States Navy each shall be paid at a rate of basic pay which, when added to his pay as a retired officer, will establish his total rate of pay from the United States at a per annum rate which is $500 less than the rate of basic pay of the Chairman.

(g) The Board shall appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, a secretary and such other personnel as may be necessary to carry out its functions and activities and shall fix their rates of basic pay in accordance with chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates. The secretary and other personnel of the Board shall serve at the pleasure of the Board.

SEC. 4. (a) The Board is authorized and directed to study and review all plans and designs for the third locks project referred to in section 2(a) of this Act, to make on-the-site studies and inspections of the third locks project, and to obtain current information on all phases of planning and construction with respect to such project. The Governor of the Canal Zone shall furnish and make available to the Board at all times current information with respect to such plans, designs, and construction. No construction work shall be commenced at any stage of the third locks project unless the plans and designs for such work, and all changes and modifications of such plans and designs, have been submitted by the Governor of the Canal Zone to, and have had the prior approval of, the Board. The Board shall report promptly to the Governor of the Canal Zone the results of its studies and reviews of all plans and designs, including changes and modifications thereof, which have been submitted to the Board by the Governor of the Canal Zone, together with its approval or disapproval thereof, or its recommendations for changes or modifications thereof, and its reasons therefor.

(b) The Board shall submit to the President and to the Congress an annual report covering its activities and functions under this Act and the progress of the work on the third locks projects and may submit, in its discretion, interim reports to the President and to the Congress with respect to these matters.

SEC. 5. For the purpose of conducting all studies, reviews, inquiries, and investigations deemed necessary by the Board in carrying out its functions and activities under this Act, the Board is authorized to utilize any official reports, documents, data, and papers in the possession of the United States Government and its officials; and the Board is given power to designate and authorize any member, or other personnel, of the Board, to administer oaths and affirmations, subpena witnesses, take evidence, procure information and data, and require the production of any books, papers, or other documents and records which the Board may deem relevant or material to the performance of the functions and activities of the board. Such attendance of witnesses, and the production of documentary evidence, may be required from any place in the United States, or any territory, or any other area under the control or jurisdiction of

the United States, including the Canal Zone.

SEC. 6. In carrying out its functions and activities under this Act, the Board is authorized to obtain the services of experts and consultants or organizations thereof in accordance with section 3109 of title 5, United States Code, at rates not in excess of $200 per diem.

SEC. 7. Upon request of the Board, the head of any department, agency, or establishment in the executive branch of the Federal Government is authorized to detail, on a reimbursable or nonreimbursable basis, for such period or periods as may be agreed upon by the Board and the head of the department, agency, or establishment concerned, any of the personnel of such department, agency, or establishment to assist the Board in carrying out its functions and activities under this Act.

SEC. 8. The Board may use the United States mails in the same manner and upon the same conditions as other departments and agencies of the United States.

SEC. 9. The Administrator of General Services or the President of the Panama Canal Company, or both, shall provide, on a reimbursable basis, such administrative support services for the Board as the Board may request.

SEC. 10. The Board may make expenditures for travel and subsistence expenses of members and personnel of the Board in accordance with chapter 57 of title 5, United States Code, for rent of quarters at the seat of government and in the Canal Zone, and for such printing and binding as the Board deems necessary to carry out effectively its functions and activities under this Act.

SEC. 11. All expenses of the Board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the Chairman of the Board or by such other member or employee of the Board as the Chairman may designate.

SEC. 12. Any provision of the Act of August 11, 1939 (53 Stat. 1409; Public Numbered 391, Seventy-sixth Congress). or of any other statute, inconsistent with any provision of this Act is superseded, for the purposes of this Act, to the extent of such inconsistency.

SEC. 13. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act. Any sum appropriated to carry out the provisions of section 2(a) shall remain available until expended.

[Adopted by the 51st Annual National Convention of the American Legion, Atlanta, Ga., Aug. 26, 27, 28, 1969]

PANAMA CANAL RESOLUTION 207

(To oppose abrogation of U.S. rights concerning operation and security of the Panama Canal)

Whereas, in 1903, the United States and the Republic of Panama entered into a treaty "to insure the construction of a ship canal across the Isthumus of Panama to connect the Atlantic and Pacific Oceans;" and

Whereas, by that treaty, the Republic of Panama (for a lump-sum payment of ten million dollars in gold, plus an annuity now amounting to nearly two million dollars) granted to the United States in perpetuity the use, occupation and control of a zone of land and land under water for the construction, maintenance, operation, sanitation, and protection of the canal, and granted to the United States all the rights, power, and authority, within the zone mentioned, "which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located, to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority"; and

Whereas, the Panama Canal now represents a total United States investment of nearly five billion dollars, and is a vital strategic asset to the United States for hemispheric defense and our own national security; and

Whereas, the Panama Canal also is of great economic importance to the United States, inasmuch as 70 percent of traffic through the Canal either originates or terminates in U.S. ports, and Canal operations represent a net gain for U.S. balance-of-payments of more than 40 million dollars annually; and

Whereas, The American Legion has consistently expressed its strong opposition to any weakening of the United States sovereign rights, power, and authority over the Panama Canal and the Canal Zone; now, therefore, be it

Resolved: That The American Legion reaffirms its positions heretofore taken with regard to the Panama Canal and the Canal Zone, and opposes any new Canal treaties that would abrogate the essential provisions of the 1903 Treaty between the United States and the Republic of Panama; and

Further resolved, That The American Legion urges both the House of Representatives and the Senate of the United States Congress to adopt a Joint Resolution expressing it to be the sense of the Congress and the Nation that the Government of the United States shall maintain and protect its sovereign rights in the Panama Canal Zone and its jurisdiction over the Panama Canal, and that the United States shall in no way forfeit, cede, or transfer any of these rights of jurisdiction to any other administration, government, or international organization; and

Further resolved, That The American Legion urges the Congress of the United States also to adopt legislation to provide for an increase in the capacity and for operational improvements of the existing Panama Canal in accord with the principles of the so-called "Terminal Lakes—Third Locks Plan".

INYO-MONO COUNTIES LAND EXCHANGE PROPOSAL

Mr. CRANSTON. Mr. President, I was pleased to read the generally favorable editorial of the Los Angeles Times on S. 3191, a bill that my colleague from California (Mr. MURPHY) and I introduced to authorize a land exchange in the Owens Valley area of California.

At the same time, I endorse the Times recommendation that the proposal receive a meticulous analysis by the Public Lands Subcommittee of the Senate Committee on Interior and Insular Affairs. The bill is a lengthy and complex bill and has been developed through long negotiation by the parties involved. If there are hidden flaws within its intricacies, I want to see them discovered and corrected.

Mr. President, I ask unanimous consent that the Los Angeles Times editrial be printed in the RECORD.

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

[From the Los Angeles Times, Dec. 9, 1969]

PROTECTING THE CITY'S WATERSHED

Legislation which would permit an exchange of mountain acreage by the City Department of Water and Power and the Federal Government is under consideration in Congress.

Purpose of a bill, co-sponsored by California's two Senators, is to provide extra protection for the city's principal water supply and to open more federal land for public enjoyment.

Unlike many past land deals in the Owens Valley area, this proposed land swap has generated little, if any, opposition. D.W.P. officials, Inyo and Mono County supervisors and civic leaders are united in endorsement.

The legislation would authorize the City to turn over about 3,500 acres to be used for national recreation, camping and ski development and for the future use of four Owens Valley cities.

In exchange, the city would receive about 10,000 acres and, even more important, a firm federal pledge to keep 235,000 acres surrounding the city's Owens River and Mono Basin Watershed from harmful public uses as long as it is needed to protect our water supply.

Although the bill would prevent disposal of land still withdrawn to guard the vital watershed, it would give federal officials the right to permit recreation, stock grazing, mining and home development on the other acreage under federal jurisdiction.

On the surface the package deal appears to be in the best interests of Los Angeles, Inyo and Mono county residents and California's recreation-hungry millions.

We suggest, however, that the entire package be given close scrutiny at public hearings before the proper House and Senate committees. In addition to public testimony from city D.W.P. and federal forest authorities, California's vocal conservation group should be invited to have their say.

If the legislation is as constructive as it appears, it is worthy of enactment, but only after a word-by-word airing of all the fine print.

DR. LUTHER HOLCOMB—A DEDICATED PUBLIC SERVANT

Mr. DOLE. Mr. President, the Wichita Eagle-Beacon paid a high editorial tribute to Dr. Luther Holcomb in its issue of November 29, 1969.

Who is Luther Holcomb? He is a man President Nixon has reappointed Vice Chairman of the Equal Employment Opportunity Commission in recognition of his dedication to the problems confronting black men and for the calm and effective manner in which he has carried out his assignment.

I ask unanimous consent that the editorial, entitled "It's Reassuring," be printed in the RECORD.

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

[From the Wichita Eagle and the Beacon, Nov. 29, 1969]

IT'S REASSURING

Change is a way of life in Washington. But a graduate of the University of Oklahoma has compiled a record that has received little publicity while serving as vice chairman of the Equal Employment Opportunity Commission under four different EEOC chairmen. He is Dr. Luther Holcomb, a Dallas Democrat, who was reappointed by President Nixon.

Common sense and reasonableness are the two traits that this unobtrusive former minister brought to the work of the commission. His philosophy is that "where prejudice and discrimination exist, we must tear it out from its very roots." By tact and diplomacy he has successfully encouraged the maintenance of lines of communication with minority groups.

Dr. Holcomb's continued service on the commission demonstrates that capable service can be rewarded in political-conscious Washington. This is especially reassuring when it involves an agency with sensitive problems of human relations.

PROTECTION FOR THE U.S. PETROCHEMICAL INDUSTRY—ADDRESS BY SENATOR HOLLINGS

Mr. TALMADGE. Mr. President, on December 4, the distinguished Senator from South Carolina (Mr. HOLLINGS) delivered an excellent speech before the annual meeting of the Synthetic Organic Chemical Manufacturers Association.

I believe that Senator HOLLINGS has eloquently summarized the problem of protecting some of our domestic industries against unfair foreign competition. He has dealt with the administration's unfortunate action on the American selling price and has touched on a problem which is very much in the news at the present time—oil import controls. Certainly it will be necessary to make special provision for our petrochemical industry in any new arrangements to control oil imports. The petrochemical industry will lose its share of the world market if it is forced to pay the domestic price for crude oil.

Mr. President, I ask unanimous consent that the statement of the junior Senator from South Carolina be printed in the RECORD.

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

ADDRESS BY SENATOR ERNEST F. HOLLINGS

With mixed feelings I have accepted your invitation to speak to this impressive gathering, your Annual Meeting. Having ventured to communicate with the chemical industry on a similar but less auspicious occasion just six months ago, I am encouraged by this new invitation but not at all optimistic that I can sound the kind of cheerful, hopeful note which ought to characterize the message presented at an annual meeting. Your industry is too dynamic for me to believe that you are at all interested in a look backward. I shall therefore invite you to take a forward look at the probable foreign economic policy developments which will affect your industry.

Your Number One interest in this area is the defeat of that part of the Administration's trade bill which would repeal the American Selling Price. Doubtless you invited me to speak because a great part of my energy as a Senator has been devoted to the effort to secure a limitation on imports of textile articles. The two subjects are directly related.

Notwithstanding the commendable and entirely first-class effort which your industry has devoted to the attempted education of Government officials on the importance to the national interest of the retention of the American Selling Price value basis for imports of benzenoid chemicals, there is no evidence that such an understanding has in fact been created. Administration spokesmen use an incredible amount of humbug in attempting to dress up the diplomatic debacle which occurred when they surrendered to the insistent demands of your foreign competitors for the repeal of ASP.

The latest exhibit in this humbug charade is the address by the Special Representative for Trade Negotiations before the Manufacturing Chemists Association on November 25.

In the best tradition of the publican, he stood before the high priests of the chemical industry and proclaimed that the Administration rejects the pleas of those who would seek an abandonment of what he described as "the liberal trade philosophy that we as a Nation have steadfastly pursued for 35 years."

Thirty-five years would take us back to 1934, the year of the enactment of Cordell Hull's trade agreements legislation. That Act was emergency legislation and declared in its statement of purposes that it was adopted by the Congress as a means of assisting in the then-existing emergency of the depression in restoring the American standard of living. Like most emergency legislation enacted by the Congress, it lived on far beyond the life of the emergency which called it into being.

Cordell Hull declared in the Senate hearings that the Act was an "emergency remedy for emergency conditions." The Senate Finance Committee emphasized the emergency character of the bill by calling attention to an amendment which it adopted inserting the words "in the present emergency" in the policy section of the bill. Secretary Hull assured the Senate that the President's authority to reduce import duties through trade agreements was to be "special and temporary."

The giants in the Senate at that time—including Senators Walsh of Massachusetts, Robinson of Arkansas, and George of Georgia—all stressed the emergency nature of the legislation. Senator George stated during the debate in the Senate that the opponents of the bill could have confidence "in the integrity and courage of the legislative branch of the Government" to discontinue the delegation of tariff-cutting power to the President when "the extraordinary conditions which now seem to justify its use shall have ceased to exist."

Cordell Hull's concept was that the extreme tariff barriers which had been erected by all nations during the panic of the depression in an effort to protect their balance of payments position could be reduced selectively by a swap of tariff concessions which would mutually benefit the negotiating countries.

His idea was that there were many articles which would not impair or interfere with the economic strength of American agriculture, mining, or industry, and concessions on these products could be exchanged for concessions by other countries on products which the United States had the existing capacity to export which, in turn, would not impair or adversely affect agriculture, mining, or industry in the countries of destination.

In short, Cordell Hull's plan emphasized selective tariff concessions and the continued protection of import-sensitive sectors of American industry and agriculture.

During the successive renewals of the trade agreements legislation in 1945 and periodically down to the Kennedy Act of 1962, an emergency has always been dredged up as the basis for a renewal of the President's power to reduce duties.

Following World War II, the slogan which epitomized the new emergency justification was "trade, not aid" and the need to "close the dollar gap."

By the time the American people had become disenchanted with foreign aid and our once-strong balance of payments surplus had been converted into chronic deficits, a new emergency was christened as the Holy Grail in what had now become the perennial crusade against America's comparatively liberal system for regulating imports through the use of tariffs.

The new emergency was the specter of an inward-looking, protectionist, European Common Market, an international commercial cartel which the United States fostered but now chooses to use as the dragon which must be slain if George Ball's plan for a brave new world liberated from the commercial tyranny of U.S. import duties averaging 11 per cent was to be accomplished.

When the Special Representative for Trade Negotiations talks about a trade philosophy which has been "steadfastly pursued for 35 years," he overlooks the shifting sands of the crises which have been invoked by the high priests of free trade in the successful dismantling of our tariff system during that period.

A cardinal principle to which the Chief Executive and the Congress have paid allegiance in the enactment and successive renewal of the trade agreements legislation was that the President would be allowed to reduce only those import duties which were found by him to be "unduly burdening and restricting the foreign trade of the United States." This principle came to be honored more in the breach than in the observance, as the minions in the State Department to whom the use of the President's power was in fact delegated enthusiastically set about to demonstrate that Parkinson's law operates just as fully in the use of delegated authority as it does in the creation of bureaucratic establishments.

The ultimate expression of the contempt which our Nation's foreign trade bureaucrats have had for the carefully stated limitations on the President's power came in the Kennedy Round when the United States agreed in advance of the negotiations to the proposition that all import duties were to be reduced in an across-the-board fashion by 50 per cent subject only to a minimum number of exceptions—and these only following confrontation and justification on the grounds of overriding national interest.

I scarcely need to remind this audience that the evangelistic zeal of U.S. trade negotiators swept aside all of the criteria limiting the President's authority in the reduction of duties under the 1962 Act, enabling them to find not only that virtually all chemical duties should be reduced by the full amount of the President's authority—a 50 per cent cut—but also that they should dare to go beyond the outer limits of the Congressional delegation and negotiate an illegitimate agreement providing for the repeal of the American selling price.

The type of integrity and courage in the Legislative Branch of the Government to which Senator George referred in 1934 has rarely been exercised in the long history of the trade agreements legislation, as succeeding administrations have successfully created new emergencies to justify the perpetuation of the President's dominant power over the regulation of foreign commerce.

The world has grown more complex during this history. The trade agreement program has succeeded in virtually dismantling our tariff as an effective means for the regulation of imports. It has failed to promote our national interest as we have changed from a powerful trading nation with a commanding trade surplus to one which now, under honest accounting, has a persistent trade deficit.

During the five-year period preceding World War II, we had an average foreign trade surplus of 738 million dollars. During the five years immediately following World War II, when we were the supplier of manufactured goods to nations that were rebuilding their war-damaged economies, our foreign trade surplus was 5.2 billion dollars. This surplus increased to 6.3 billion dollars for the average of the five years 1961 to 1965.

From that point our foreign trade fortunes have been in a serious decline. By 1968, our surplus had dwindled to 1.3 billion dollars. There figures are based on our Government's method of foreign trade accounting, which differs from that of most other developed countries in the world.

Our real situation is disclosed when we recast our import statistics to a c.i.f. value basis, which includes ocean freight and insurance, and when we subtract from our export statistics the value of goods financed under the Foreign Assistance Act and Public Law 480.

In 1968, for example, instead of the 1.3 billion dollar surplus, we in fact incurred a 3.7 billion dollar deficit. Our imports c.i.f. were 35.5 billion dollars, and our exports net of Government-financed sales were 31.8 billion dollars. These data are as reported by the Department of Commerce.

Prior to the enactment of the Trade Agreements Act in 1934, United States exports accounted for 15.6 per cent of the world export trade during the period 1929 through 1933. In 1967, U.S. exports accounted for only 14.6 per cent of total world exports. After all of these years of tariff concessions under the trade agreements program, we are worse off than before we began the use of that means of promoting our exports!

Until the 1962 Act was enacted, it was the declared purpose of each of the American Presidents who sought the enactment and extension of the trade agreements legislation that the power to reduce tariffs would be used selectively and with great care in order to avoid injuring American industries.

One of President Roosevelt's Cabinet officers declared to the Ways and Means Committee that a man of the character of the President, in administering the trade agreements program, "would not be so inhuman as to retire in any barbarous way * * * inefficient industries."

Secretary Hull gave his assurance that the authority would not be used so as to result in injury or hurt, in responding to the statement of Congressman John McCormack, now the Speaker of the House, that the purpose of the legislation was "to assure adequate protection to American industry."

President Truman, after conferring with Senator Arthur Vandenberg, established the escape clause by executive order in 1948. The President stated that he had assured the Congress "that domestic producers would be safeguarded in the process of expanding trade." He declared that this commitment had been kept by him, and that it would continue to be kept.

Presidents Truman, Eisenhower, and Kennedy did not hesitate to use the escape clause to increase tariffs in order to protect American industries that had been found by the Tariff Commission to be seriously injured by imports.

Even though President Kennedy pressed hard for the enactment of the Trade Expansion Act of 1962, during his tragically brief days in office he forthrightly used his authority as President to protect American industries.

President Johnson's emphasis, under the guidance of his Special Representative for Trade Negotiations, was to expedite the dismantling of tariff protection, including escape clause rates of duty.

The significant thing about this Administration's trade message is that it seems, on the whole, to offer a continuation of President Johnson's policies rather than the selective approach taken by President Eisenhower and the willingness to use the escape clause to protect injured industries demonstrated by Presidents Truman, Eisenhower, and Kennedy.

There is nothing in the background of the current Special Representative for Trade Negotiations to promise anything other than an attempt to exceed the gross liberality of the Johnson Administration in resolving trade issues in favor of multinational corporations and foreign countries. The maintenance of sound protection for labor-intensive American industries will continue to suffer.

This brings us to the matter of the relationship between a program for the limitation of textile imports and a program to forestall the promised repeal of ASP.

In the beginning of your industry's tariff protection, the textile industry was your strongest advocate. Most of the witnesses in the Congressional hearings in 1916 testifying in support of the emergency tariff act which first established meaningful protection for your industry were textile mill owners and piece dyers. Almost without exception they asked for increased duties on dyes.

After World War I, representatives of the textile industry wired President Wilson that no conventional tariff could furnish protection for an independent American dye industry against the resources and competitive methods of the German dye cartel. The U.S. textile industry declared that "a domestic dye industry is essential to the independence of the American textile industry."

President Wilson got the message, and in a message to Congress asking for permanent protection for the dyestuff and related chemical industry, he declared that it would "be a policy of obvious prudence to make certain of the successful maintenance of many strong and well-equipped chemical plants. The German chemical industry, with which we will be brought into competition, was and well may be again be a thoroughly knit monopoly, capable of exercising a competition of a peculiarly insidious and dangerous kind."

I need not remind you gentlemen in this room that the German industry today is the keystone of a European dye cartel whose operations are so flagrant that only recently the Common Market itself felt obliged to declare its marketing activities unlawful. It is for the benefit of this international cartel that the Administration will attempt to honor President Johnson's commitment for the repeal of ASP.

The purpose of the ASP was to assist in the establishment and growth of a strong domestic synthetic organic chemical industry. The policy has been a success. The Administration itself acknowledges that the benzenoid chemical industry has enjoyed a strong growth rate.

Stepping aside from the contribution which ASP has made to this result, long a national policy objective, this Administration echoes the shallow thinking of the preceding Administration in illogically reasoning that the policy having been a success, it must now be terminated on the insistence of the Europeans, whose activities in the past, repeated in the present, required the policy to be established in the first instance.

The lame justification offered by the current Special Representative is that the United States "must counter the view that ASP is a major symbol of American protectionism."

It's difficult for me to understand the logic that an untruth can be countered by destroying the object to which the untruth has been directed.

In 1968, the amount of dyes imported directly as dyes or as the dye content of dyed or printed textiles was equivalent to 13.5 per cent of the domestic consumption of dyes used in textiles, calculated by quantity. The ratio would be even greater if calculated by values.

This ratio of 13.5 per cent in 1968 is higher than the 10.4 per cent import penetration ratio for cotton textile articles in that year, calculated on the basis of the square yard equivalent of fabric in imported articles.

When President Kennedy was inaugurated in January 1961, he carried into office a commitment, if elected, to take action on the textile import problem. He lost no time in setting about to honor this commitment. By October of that same year the Short-Term Cotton Textile Arrangement had been negotiated, to be replaced the following year by the Long-Term Cotton Textile Arrangement, still in effect. When President Kennedy acted, cotton textile imports were equivalent to 5.2 per cent of domestic consumption.

When President Nixon was inaugurated in January 1969, he carried into office a commitment to bring under control the burgeoning imports of textile articles, including man-made fiber and wool textiles. We are now in the twelfth month of his Administration and meaningful action for the limitation of man-made fiber and wool textile imports is not in sight.

The ratios, however, are important. When President Nixon made his commitment concerning man-made fiber textile articles, the ratio of imports to domestic consumption, as Mr. Nixon's advisers calculate it, was about equal to the import penetration ratio for cotton textiles when the LTA was negotiated. But my calculations show that, if one includes, as he should, imports of man-made fibers themselves, the import penetration ratio was about twice that calculated by Mr. Nixon's advisers.

The point, however, is that in the textile area the Administration is committed to seeking a solution through international agreement which would limit the future rate of growth of man-made fiber textile imports, and the import penetration ratio is lower than that which now exists for imported dyes.

Why is it protectionist for the dye industry to have ASP as the value basis for imports that are dutiable under the benefit of a 50 per cent tariff cut in the Kennedy Round, but not protectionist for an international agreement to be negotiated limiting the imports of textiles under these circumstances? In fact, ASP is allowing imports of dyes to increase at a rapid and sustained rate.

The ratio of imports to consumption of dyes for textile use has increased from 6.1 per cent in 1961, the year in which the cotton textile ratio was 5.2 per cent, to 13.5 per cent in 1968, the year in which cotton textile imports under regulation were at the level of 10.4 per cent.

These data indicate that the regulatory effect of ASP has been more liberal than the regulatory effect of the long-term cotton textile arrangement. If important regulation over this span of years, 1961 to 1968, is fair for cotton textiles, why is not the more liberal regulatory effect of ASP, permitting a deeper import penetration for imported dyes used in textile applications, also just?

How can an import-regulation system in cotton textiles, which achieved a 10.4 per cent market penetration ratio in 1968, be something which our trading partners accept by agreement, but a more liberal result accomplished in dyes through ASP is something which they vigorously attack?

How is it that the administration is able successfully in international negotiations to justify the import-regulation system in cotton textiles, but seems incapable of doing so in the case of the ASP?

There is more to the benzenoid chemical industry, of course, than the batch-processing sectors concerned with the production of dyes, lakes and toners, and other fine chemicals. The mandatory oil import program, which protects the petroleum industry, has made an unintended victim of the petrochemical industry. I am well aware of the fact that companies which include prominent members of this association have formed the so-called Petrochem and Chemco groups seeking the option of controlled access to petrochemical feedstocks or increased quota rights for petrochemical production.

According to Commerce Department data, the cost of materials accounts for 57 per cent of the value of shipments in the cyclic intermediates industry, with labor accounting for only 12.2 per cent. Obviously, the cost of materials is of decisive importance to the competitive position of the cyclic intermediates industry in the U.S. market and in world markets.

I understand that petrochemical crudes are an important raw material for this industry. The availability of low-cost foreign crude for plants able to use them, or compensating quota allocations for others, are, therefore, of crucial importance to the competitive position of the U.S. cyclic intermediates industry.

By contrast, materials costs account for a much smaller proportion, 31.5 per cent, of the value of shipments of synthetic organic dyes, pigments, and lakes and toners, whereas labor accounts for 27.6 per cent of the value of shipments in that industry. The dye in-

dustry, therefore, faces the double disadvantage of high wage costs and high raw material costs in competing with foreign-produced dyes in the U.S. market and in world trade.

To the extent that the cyclic intermediates industry would be provided either access to low-cost foreign petrochemical crudes or sufficient quota allocations to offset feedstock cost disadvantages, the price of cyclic intermediates used by the dye industry in its manufacturing operations should decline, and to this extent the competitive position of the dye industry would be strengthened.

But labor costs in dye manufacture represent virtually as large a proportion of the value of shipments as raw material costs, so the foregoing suggested modification of the mandatory oil import program is not a sufficient answer to the competitive disadvantage of the domestic dye industry, given the more labor-intensive nature of its batch-processing operations and the lower wages and longer working hours which are in effect in foreign countries.

Access to the low-cost foreign crudes or increased quota rights for companies unable to use foreign oil directly are needed if the position of the domestic industry in its own market and in world markets is to be protected. Similarly, because of the very different production economics applicable to batch-processing operations, the retention of ASP is required to maintain the economic strength and stability of the domestic producers of dyes, pigments, and other fine chemicals.

Of equal importance, SOCMA and the textile industry should work more closely together, each supporting the other's trade policy objectives. Obviously, the dye industry is dead if textile manufacturing moves offshore. Just as obviously, the textile industry will be seriously handicapped if dye manufacturing is moved offshore.

The textile industry needs a strong, viable, growing, and innovative dye industry located in the United States to provide close support for its dyeing and finishing operations. Adequate servicing of the rapid development of new textile fabrics and fabric applications in finished articles requires nothing less.

When President Kennedy went to work on the textile import problem, he did not dilly-dally waiting for the affected foreign countries to make up their minds on agreeing to limitations on their exports to the United States. He encouraged the domestic industry to file an application with the Office of Civil and Defense Mobilization for relief under the national security provision of the trade agreements legislation. He directed his Under Secretary of State to inform our trading partners on a no-nonsense basis that either there would be an agreement or the President would act unilaterally under the authority of the national security provision. Our foreign trading partners got the message, and the Short-Term and Long-Term Cotton Textile Arrangements were the answer.

President Kennedy was also committed to a solution of the man-made fiber and wool textile import problems. He accepted the advice of the State Department that these problems should be approached separately, a step at a time. His tragic death put an end to the necessary follow-through to secure a man-made fiber and wool textile agreement. President Johnson did not honor President Kennedy's commitments.

President Nixon, however, comes into office on the basis of a fresh commitment which he made to bring the man-made fiber and wool textile problems under control. In his way he moved promptly by discussing the problem on his European trip, and by sending his Secretary of Commerce to Europe and the Far East to attempt to achieve this objective through persuasion.

The President could have acted unilaterally, as President Kennedy threatened to do, utilizing either the still-pending textile case under the national security provision, or U.S. rights under Article XXVIII of GATT. For his own purposes, out of an abundance of consideration of the sensibilities of foreign countries, President Nixon has refrained from taking this approach.

It now appears that negotiations will commence in Geneva next Monday with Korea, presumably to be followed by discussions—and, hopefully, by negotiations—with Japan and perhaps other countries a week later.

Possibly in the context of the negotiations for the extension of the Long-Term Cotton Textile Arrangement, due to expire next year, this Administration can secure a negotiated solution on a multilateral basis of the U.S. textile import problem on an all-fiber basis.

If these efforts are not successful, then Congress should act, as Senator George said in 1934, with integrity and courage, to safeguard the welfare of the domestic textile industry.

If the Government secures limitations on imports of man-made fiber textile products but fails to include the man-made fibers themselves in the agreement, the effect inevitably will be to stimulate foreign exports of man-made fibers to compensate for the limitation on the consumption of man-made fibers in the production of the controlled articles.

The benzenoid chemical industry has a major stake in the health of the domestic man-made fiber industry. In the production of noncellulosic man-made fibers, the domestic industry purchases materials, largely intermediates, valued at nearly 1 billion dollars a year. This contrasts with the total value of shipments of cyclic intermediates of between 1½ and 2 billion dollars a year. When imports hurt domestic sales of man-made fibers, they obviously hurt the producers of intermediates. The battle of the man-made fiber producers and of the textile manufacturers using man-made fibers is clearly your battle as well.

The Administration and the Congress should be no less zealous in providing for the welfare of other industries as seriously affected by imports as the textile industry. This should be easy in the case of the benzenoid chemical industry; it merely requires stopping the effort to carry out an unwise and unauthorized commitment of the Johnson Administration to repeal the ASP.

In the case of the vital need of the intermediate manufacturers to secure low-cost petrochemical crudes, the Administration can successfully meet the problem by a modification of the oil import policy, making an exception for imports shown to be needed and in fact used in domestic chemical manufacturing operations. Such action would not destroy the value of the oil import program as an incentive to the independent petroleum industry to maintain the necessary pace of exploration and exploitation of domestic oil deposits.

If the chemical industry awakens from its traditional lethargy as a sleeping giant in the political arena, there is no reason why such a program cannot be successfully carried out. If the chemical and textile industries, so essential to each other's welfare, learn to cooperate in accomplishing their foreign trade policy objectives. I have no doubt that both can succeed and that an important beneficiary would be the Administration through the enactment of the essential substance of its trade program.

HANUKKAH—A GREAT MIRACLE HAPPENED THERE

Mr. WILLIAMS of New Jersey. Mr. President, last week, the Jewish people the world over began the celebration of Hanukkah. For 8 days, Jews have commemorated the victorious defense of Judaism against efforts to destroy their religion. Two thousand one hundred years ago, the Syrians attempted to force the Jews in Judea to give up their religion. Under the leadership of the Maccabees, the Jews succeeded in their defense of Monotheism.

Today, the Jews in Israel are again defending against efforts by the Syrians, as well as other Arab nations, to force the Jews to give up their homes and their lives. Under the leadership of a new generation of Maccabees, Israel must succeed in her defense of democracy in the Middle East.

We in Congress are as vulnerable to being misled by the world's daily events as are other Americans. We are vulnerable to being distracted, by the daily reports from the Middle East, from the real issues in that conflict. Let us remember, as our Jewish citizens conclude the celebration of Hanukkah, that the publicly proclaimed goal of Israel is to live in freedom on the shores of the Mediterranean, in the historical homeland of the Jewish people; and let us never forget that the publicly proclaimed goal of the Arab states is to destroy the State of Israel.

For the past 8 days, Jews have remembered that "Nes Gadol Hayah Sham"—a great miracle happened there—2,100 years ago. But they have also been remembering, as we all must do, that a great miracle is still happening there.

NATIONAL GUARD HOMECOMING

Mr. DOLE. Mr. President, today, in Kansas City, ceremonies are being held to honor national guardsmen of northeast Kansas who are returning to their hometowns and families after 18 months of active duty.

In May 1968, the 69th Infantry Brigade of the Kansas National Guard was summoned to active duty following the *Pueblo* crisis. Across the State members of the 69th responded, as Kansans have done whenever their country has needed them. They put aside their civilian jobs and private concerns to don the army green. They said goodbye to loved ones and friends and went away with their comrades to serve America. Duty called and these brave men answered.

Mr. President, the men of the 69th gave up 1½ years of their civilian lives and careers. The Nation owes a deep debt of gratitude to these men, not only for their sacrifice but for their contribution. The men of the 69th distinguished themselves and their units throughout this period of active duty by their performance and dedication to the Army's defense effort. Men who one day had been civil servants, businessmen, and laborers, the next day were first-rate full-time soldiers. They gave real meaning to the National Guard's tradition of readiness.

I regret that our business in the Senate prevents my attendance at the Kansas City ceremonies today. But I am also grateful that I may tell Senators of these returning soldiers.

I wish to express my congratulations and appreciation for the job the 69th

has done and to extend best wishes and warm regards as our men resume their civilian lives.

PROPOSED AMENDMENTS TO THE AGREEMENT FOR COOPERATION WITH VENEZUELA

Mr. GORE. Mr. President, as chairman of the Subcommittee on Agreements for Cooperation of the Joint Committee on Atomic Energy, I wish to advise the Senate that amendments to the Agreement for Cooperation with Venezuela have been placed before that committee in compliance with section 123(c) of the Atomic Energy Act of 1954, as amended. That act requires that such agreements lie before the Joint Committee for a period of 30 days while the Congress is in session before becoming effective.

The agreement is relative to both research and power applications of nuclear energy. The present agreement, which is due to expire on February 8, 1970, will be extended by the amendment for a period of 10 years.

Mr. President, in keeping with the practice of the Joint Committee of including such agreements for cooperation in the CONGRESSIONAL RECORD for the information of interested Members of Congress, I ask unanimous consent to have printed in the RECORD the text of the proposed Agreement for Cooperation with Venezuela together with supporting correspondence.

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

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., November 14, 1969.

Hon. CHET HOLIFIELD,
Chairman, Joint Committee on Atomic Energy,
Congress of the United States.

DEAR MR. HOLIFIELD: Pursuant to Section 123c of the Atomic Energy Act of 1954, as amended, there are submitted with this letter copies of the following:

a. a proposed amendment to the "Agreement for Cooperation Between the Government of the United States of America and the Government of the Republic of Venezuela Concerning the Civil Uses of Atomic Energy;"

b. a letter from the Commission to the President recommending approval of the amendment; and

c. a letter from the President to the Commission containing his determination that its performance will promote and will not constitute an unreasonable risk to the common defense and security, and approving the amendment and authorizing its execution.

The amendment has been negotiated by the Department of State and the Atomic Energy Commission pursuant to the Atomic Energy Act of 1954, as amended. Inasmuch as the present research and power type of agreement with Venezuela is scheduled to expire on February 8, 1970, the main purpose of the amendment is to extend the period of cooperation for an additional ten years. The amendment also brings several provisions of the current agreement into conformity with corresponding ones in other recently modified Agreements for Cooperation. Significant provisions of the amendment are discussed below.

Article I updates the general provision for transfer of materials (other than fuel) and equipment and devices, as well as for use of research facilities, in conformity with the formulation in our current agreements. As has been the practice in recent years, the specific quantity limitation on small quantities of special nuclear material for research purposes will be discontinued, and transfers of material will be for defined applications under such terms and conditions as may be agreed.

Article II permits arrangements for the transfer of special nuclear material to be made between either Party or authorized persons under its jurisdiction and authorized persons under the jurisdiction of the other Party. Such transfers will be for uses specified in the agreement and will be subject to the quantity limitation on U–235 established in proposed Article III.

Article III amends the current "fuel" article, Article VII of the agreement, in order to update certain provisions and to adjust the quantity of U–235 which may be transferred for fueling purposes. Article III continues the present provision for transfer, on an agreed basis, of enriched uranium for use as fuel for research, experimental-power, demonstration-power, and power reactors. Inasmuch, however, as Venezuela has not initiated a power reactor program as envisaged under the current agreement and did not foresee a need for retention of the present ceiling of eight hundred kilograms of U–235 contained in enriched uranium which may be transferred to Venezuela for fueling purposes, a revised ceiling of twenty-five kilograms was agreed upon as appropriate for Venezuela's current research reactor program during the extended period of the agreement.

The new fuel article also incorporates the usual provision permitting fuel enrichment greater than twenty percent in the isotope U–235 if technically or economically justified. Further, as has been done under the recent Portuguese, Iranian, and Argentine agreements, the options granted to the United States under the present Venezuelan agreement to acquire special nuclear material produced in material obtained from the United States have been discontinued. However, transfers of such produced special nuclear material from Venezuela to any other nation or group of nations will be subject to approval of the United States.

Articles IV and V make editorial changes necessitated respectively by (a) consolidation of the provisions of Article VIII of the current agreement into proposed Article I of the amendment and (b) revision in the fuel article of the provision respecting the United States' option to acquire produced special nuclear material.

Article VI brings Venezuela's "peaceful uses" guarantee respecting material, equipment, and devices transferred under the agreement into conformity with current agreements.

Article VII reflects the fact that safeguards responsibilities have been transferred to the International Atomic Energy Agency pursuant to a trilateral safeguards agreement signed in 1968 and provides for continued application of safeguards by the Agency. As is presently the case, United States safeguards rights under the extended agreement will remain suspended during the time and to the extent Agency safeguards are in effect.

The amendment will enter into force on the date on which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for entry into force.

Cordially,

GLENN T. SEABORG,
Chairman.

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., October 13, 1969.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: Enclosed is a proposed amendment to the "Agreement for Cooperation Between the Government of the United States of America and the Government of the Republic of Venezuela Concerning the Civil Uses of Atomic Energy," which has been negotiated by the Department of State and the Atomic Energy Commission pursuant to the Atomic Energy Act of 1954, as amended. The Atomic Energy Commission recommends that you approve the proposed amendment, determine that its performance will promote and will not constitute an unreasonable risk to the common defense and security, and authorize its execution. The Department of State supports the Commission's recommendation.

The current Agreement for Cooperation with Venezuela is a research and power type of agreement, which was signed in 1958 and is due to expire on February 8, 1970. The principal purpose of the proposed amendment is to extend the period of cooperation for an additional ten years. While continuing the existing cooperative framework for the additional ten-year period, the amendment would also bring several other provisions into accord with current practice as contained in other recently modified Agreements for Cooperation. Significant provisions of the amendment are discussed below.

Article I would update the general provision for transfer of materials (other than fuel) and equipment and devices, as well as for use of research facilities, in conformity with the formulation in our current agreements. As has been the practice in recent years, the specific quantity limitations on small quantities of special nuclear material for research purposes would be discontinued, and transfers of material would be for defined applications under such terms and conditions as may be agreed.

Article II would permit arrangements for the transfer of special nuclear material to be made between either Party or authorized persons under its jurisdiction and authorized persons under the jurisdiction of the other Party. Such transfers would be for uses specified in the agreement and would be subject to the quantity limitation on U–235 established in proposed Article III.

Article III would amend the current "fuel" article, Article VII of the agreement, in order to update certain provisions and to adjust the quantity of U–235 which may be transferred for fueling purposes. The proposed Article III would continue the present provision for transfer, or an agreed basis, of enriched uranium for use as fuel for research, experimental-power, demonstration-power and power reactors. Inasmuch, however, as Venezuela has not initiated a power reactor program as envisaged under the current agreement and did not foresee a need for retention of the present ceiling of eight hundred kilograms of U–235 contained in enriched uranium which may be transferred to Venezuela for fueling purposes, a revised ceiling of twenty-five kilograms was agreed upon as appropriate for Venezuela's current research reactor program during the extended period of the agreement.

The new fuel article would also incorporate the usual provision permitting fuel enrichment greater than twenty percent in the isotope U–235 if technically or economically justified. Further, as has been done under the recent Portuguese, Iranian, and Argentine agreements, the options granted to the United States under the present Venezuelan agreement to acquire special nuclear material produced in material obtained from the United States would be discontinued. However, transfers of such produced special nuclear material from Venezuela to any other nation or group of nations would be subject to approval of the United States.

Proposed articles IV and V would make editorial changes necessitated respectively by (a) consolidation of the provisions of Article VIII of the current agreement into proposed Article I of the amendment and (b)

revision in the fuel article of the provision respecting the United States' option to acquire produced special nuclear material.

Proposed Article VI would bring Venezuela's "peaceful uses" guarantees respecting material, equipment, and devices transferred under the agreement into conformity with current agreements.

Article VII would reflect the fact that safeguards responsibilities have been transferred to the International Atomic Energy Agency pursuant to a trilateral safeguards agreement signed in 1968 and would provide for continued application of safeguards by the Agency. As is presently the case, United States safeguards rights under the proposed agreement would remain suspended during the time and to the extent Agency safeguards are in effect.

Following your approval, determination, and authorization, the proposed agreement will be formally executed by appropriate authorities of the Governments of the United States of America and the Republic of Venezuela. In compliance with Section 123c of the Atomic Energy Act of 1954, as amended, the agreement will be placed before the Joint Committee on Atomic Energy.

Respectfully yours,

GLENN T. SEABORG,
Chairman.

THE WHITE HOUSE,
Washington, November 4, 1969.

Memorandum for the Chairman, Atomic Energy Commission.

I have reviewed the proposed Amendment to the "Agreement for Cooperation Between the Government of the United States of America and the Government of the Republic of Venezuela Concerning the Civil Uses of Atomic Energy" which you submitted for my approval with your letter of October 13, 1969.

Pursuant to the provisions of Section 123b of the Atomic Energy Act of 1954, as amended, and upon the recommendation of the Atomic Energy Commission, I hereby:

1. Approve the proposed Amendment, and determine that its performance will promote and will not constitute an unreasonable risk to the common defense and security of the United States of America; and

2. Authorize the execution of the proposed Amendment on behalf of the Government of the United States of America by appropriate authorities of the Department of State and the Atomic Energy Commission.

RICHARD NIXON.

AMENDMENT TO AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF VENEZUELA CONCERNING THE CIVIL USES OF ATOMIC ENERGY

The Government of the United States of America and the Government of the Republic of Venezuela,

Desiring to amend the Agreement for Cooperation Between the Government of the United States of America and the Government of the Republic of Venezuela Concerning the Civil Uses of Atomic Energy signed at Washington on October 8, 1958 (hereinafter referred to as the "Agreement for Cooperation"),

Agree as follows:

ARTICLE I

Article V of the Agreement for Cooperation is amended to read as follows:

"A. Materials of interest in connection with the subjects of agreed exchange of information, as provided in Article III and subject to the provisions of Article II, including source material, heavy water, byproduct material, other radioisotopes, stable isotopes, and special nuclear material for purposes other than fueling reactors and reactor experiments, may be transferred between the Parties for defined applications in such quantities and under such terms and conditions as may be agreed when such materials are not commercially available.

"B. Subject to the provisions of Article II and under such terms and conditions as may be agreed, specialized research facilities and reactor materials testing facilities of the Parties may be made available for mutual use consistent with the limits of space, facilities, and personnel conveniently available when such facilities are not commercially available.

"C. With respect to the subjects of agreed exchange of information as provided in Article III and subject to the provisions of Article II, equipment and devices may be transferred from one Party to the other under such terms and conditions as may be agreed. It is recognized that such transfers will be subject to limitations which may arise from shortages of supplies or other circumstances existing at the time."

ARTICLE II

Article VI of the Agreement for Cooperation is amended to read as follows:

"A. With respect to the application of atomic energy to peaceful uses, it is understood that arrangements may be made between either Party or authorized persons under its jurisdiction and authorized persons under the jurisdiction of the other Party for the transfer of equipment and devices and materials other than special nuclear material and for the performance of services with respect thereto.

"B. With respect to the application of atomic energy to peaceful uses, it is understood that arrangements may be made between either Party or authorized persons under its jurisdiction and authorized persons under the jurisdiction of the other Party for the transfer of special nuclear material and for the performance of services with respect thereto for the uses specified in Articles V and VII and subject to the limitations of Article VII, paragraph B.

"C. The Parties agree that the activities referred to in paragraphs A and B of this Article shall be subject to the limitations in Article II and to the policies of the Parties with regard to transactions involving the authorized persons referred to in paragraphs A and B."

ARTICLE III

Article VII of the Agreement for Cooperation is amended to read as follows:

"A. As may be agreed, the United States Commission will transfer to the Government of the Republic of Venezuela or authorized persons under its jurisdiction, uranium enriched in the isotope U–235 for use as fuel in defined applications, including research, experimental power, demonstration power, and power reactors which the Government of the Republic of Venezuela decides to construct or operate or authorizes private persons to construct or operate in the Republic of Venezuela. Contracts setting forth the terms, conditions, and delivery schedule of each transfer shall be agreed upon in advance.

"B. The net amount of U–235 in enriched uranium transferred under this Article during the period of this Agreement shall not at any time exceed twenty-five (25) kilograms. This net amount shall be the gross quantity of such contained U–235 in uranium transferred during the period of this Agreement less the quantity of such contained U–235 in recoverable uranium which has been resold or otherwise returned to the United States of America during the period of this Agreement or transferred to any other nation or group of nations with the approval of the Government of the United States of America.

"C. Within the limitations contained in paragraph B of this Article, the quantity of uranium enriched in the isotope U–235 transferred under this Article and under the jurisdiction of the Government of the Republic of Venezuela for the fueling of reactors or reactor experiments shall not at any time be in excess of the quantity thereof necessary for loading of such reactors or reactor experiments, plus such additional quantity as, in the opinion of the United States Commission, is necessary to permit the efficient and continuous operation of such reactors or reactor experiments.

"D. The enriched uranium supplied hereunder may contain up to twenty percent (20%) in the isotope U–235. All or a portion of the foregoing special nuclear material may be made available as uranium enriched to more than twenty percent (20%) by weight in the isotope U–235 when the United States Commission finds there is a technical or economic justification for such a transfer.

"E. When any special nuclear material received from the United States of America requires reprocessing, or any irradiated fuel elements containing fuel material received from the United States of America are to be removed from a reactor and are to be altered in form and content, such reprocessing or alteration shall be performed in facilities acceptable to both Parties upon a joint determination of the Parties that the provisions of Article IX may be effectively applied.

"F. Special nuclear material produced as a result of irradiation processes in any part of fuel leased by the United States Commission under this Agreement shall be for the account of the lessee and, after reprocessing as provided in paragraph E of this Article, shall be returned to the lessee, at which time title to such material shall be transferred to the lessee.

"G. No special nuclear material produced through the use of material transferred to the Government of the Republic of Venezuela or to authorized persons under its jurisdiction, pursuant to this Agreement, will be transferred to any other nation or group of nations, except as the United States Commission may agree to such a transfer.

"H. Some atomic energy materials which the United States Commission may be requested to provide in accordance with this Agreement are harmful to persons and property unless handled and used carefully. After delivery of such materials, the Government of the Republic of Venezuela shall bear all responsibility, insofar as the Government of the United States of America is concerned, for the safe handling and use of such materials. With respect to any nuclear material or fuel elements which the United States Commission may, pursuant to this Agreement, lease to the Government of the Republic of Venezuela or to any person under its jurisdiction, the Government of the Republic of Venezuela shall indemnify and save harmless the Government of the United States of America against any and all liability (including third party liability) for any cause whatsoever arising out of the production or fabrication, the ownership, the lease, and the possession and use of such special nuclear material or fuel elements after delivery by the United States Commission to the Government of the Republic of Venezuela or to any person under its jurisdiction."

ARTICLE IV

Article VIII of the Agreement for Cooperation is deleted in its entirety.

ARTICLE V

Subparagraph B3 of Article IX of the Agreement for Cooperation is amended to read as follows:

"3. To require the deposit in storage facilities designated by the United States Commission of any of the special nuclear material referred to in subparagraph B2 of this Article which is not currently utilized for civil purposes in the Republic of Venezuela and which is not transferred pursuant to

Article VII or otherwise disposed of pursuant to an arrangement mutually acceptable to the Parties;".

ARTICLE VI

Article X of the Agreement for Cooperation is amended to read as follows:

"The Government of the Republic of Venezuela guarantees that:

"(a) Safeguards provided in Article IX shall be maintained.

"(b) No material, including equipment and devices, transferred to the Government of the Republic of Venezuela or authorized persons under its jurisdiction by purchase or otherwise pursuant to this Agreement and no special nuclear material produced through the use of such material, equipment or devices, will be used for atomic weapons, or for research on or development of atomic weapons, or for any other military purpose.

"(c) No material, including equipment and devices, transferred to the Government of the Republic of Venezuela or authorized persons under its jurisdiction pursuant to this Agreement will be transferred to unauthorized persons or beyond the jurisdiction of the Government of the Republic of Venezuela, except as the United States Commission may agree to such a transfer to another nation or group of nations, and then only if, in the opinion of the United States Commission, the transfer of the material is within the scope of an Agreement for Cooperation between the Government of the United States of America and the other nation or group of nations."

ARTICLE VII

Article XI of the Agreement for Cooperation is amended to read as follows:

"A. The Government of the United States of America and the Government of the Republic of Venezuela note that, by an agreement signed by them and the International Atomic Energy Agency on March 27, 1968, the Agency has been applying safeguards to materials, equipment and facilities transferred to the Government of the Republic of Venezuela. The Parties agree that Agency safeguards, either as provided in the trilateral agreement, as it may be amended from time to time, or as provided in a new supplanting trilateral agreement, shall continue to apply to materials, equipment and facilities transferred under this Agreement, recognizing that the safeguards rights accorded to the Government of the United States of America by Article IX of this Agreement are suspended during the time and to the extent that Agency safeguards apply to such materials, equipment and facilities.

"B. In the event that the applicable trilateral agreement referred to in paragraph A of this Article should be terminated prior to the expiration of this Agreement and the Parties should fail to agree promptly upon a resumption of Agency safeguards, either Party may, by notification, terminate this agreement. In the event of termination by either Party, the Government of the Republic of Venezuela shall, at the request of the Government of the United States of America, return to the Government of the United States of America all special nuclear material received pursuant to this Agreement and still in its possession or in the possession of persons under its jurisdiction. The Government of the United States of America will compensate the Government of the Republic of Venezuela or the persons under its jurisdiction for their interest in such material so returned at the United States Commission's schedule of prices then in effect in the United States of America."

ARTICLE VIII

The term of the Agreement for Cooperation, which is set forth in paragraph B of Article XII, is extended for a period of ten years from February 8, 1970.

ARTICLE IX

This Amendment shall enter into force on the date on which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for the entry into force of such Amendment and shall remain in force for the period of the Agreement for Cooperation, as hereby amended.

In witness whereof, the undersigned, duly authorized, have signed this Amendment.

Done at Washington, in duplicate, in the English and Spanish languages, both equally authentic, this fourteenth day of November, 1969.

For the Government of the United States of America:

CHARLES A. MEYER,
Assistant Secretary for Inter-American Affairs, Department of State.
GLENN T. SEABORG,
Chairman, U.S. Atomic Energy Commission.

For the Government of the Republic of Venezuela:

JULIO SOSA-RODRIGUEZ,
Ambassador E. and P. Embassy of Venezuela.

Certified to be a true copy:

BARBARA H. THOMAS.

THE KANSAS ECONOMY

Mr. DOLE. Mr. President, my home State, Kansas, has long and justifiably been known as the "Wheat State." Each year Kansas farmers produce far and away more wheat than any other State, and they pride themselves not only on the quantity but the quality of their grain. There is no finer wheat in the country or in the world than that which comes from the prairies of Kansas.

However, changing times bring changing economies, and it may come as a surprise to some to know that wheat farming is not the No. 1 dollar producing element in the Kansas economy today. In fact, it is ninth in major income sources bringing in $321 million annually. The top dollar producer in Kansas is now cattle. When sales are counted together with packing and processing, almost $1.2 billion is contributed to the Kansas economy by the cattle industry, and that is big business.

To give Senators a clearer overall picture of our Kansas economy, I ask unanimous consent that an article published in the Kansas City Star of November 5, 1969, be printed in the RECORD.

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

BEEF TOP INCOME SOURCE IN KANSAS
(By Roderick Turnbull)

The No. 1 source of income in Kansas is beef cattle—by far.

When cattle sales are added to the income from meat packing and processing, the two gross more than twice as much as the third ranking source of income, petroleum and coal manufacturing.

Curiously, in the state which leads all others in the nation in wheat production, wheat ranks ninth in the list on gross income.

These figures and comparisons are contained in a new Kansas State University publication entitled, "Kansas's Investment Opportunities—Where the Economic Action is." It was written by Dr. Lowell Bradner, director of agricultural sciences at the university.

Cattle sales	$596,977,000
Meat packing and processing	590,639,000
Petroleum and coal manufacturing	580,388,000
Aerospace manufacturing	561,134,000
Crude oil and natural gas mining	441,761,000
Building construction	367,289,000
Special trade construction	344,804,000
Grain mill products manufacturing	333,728,000
Wheat farming	321,584,000
Pigs	100,852,000

NOTE.—This chart shows what industries and businesses seem to have a competitive advantage in the state. The first nine are in rank order as to annual income. Hogs are added 10th not only because they are an important source of farm income but because the university contends the competitive advantages available to cattle producers also are available to hog farmers.

The publication is an obvious pitch by the university for greater investment in research in Kansas. The main point is that, the research investment should go where the greatest opportunities lie and that is in agriculture. The principal example of the dividends from research mentioned is in the development of hybrid milo, which is the basis for the burgeoning-cattle industry in Kansas.

Hybrid milo has increased the yields of this feed grain crop to the extent that it gave Kansas a competitive advantage with the corn belt in cattle feeding. The first of the hybrid seeds were distributed in 1957. January 1, 1969, Kansas had nearly six times more cattle on feed than January 1, 1957.

The K-State publication contends emphatically that states and areas compete for business—including the farm business. No state, including Kansas, can prevent progress elsewhere.

"Funds for research and development of agriculture are more important in Kansas than in the nation and more in Kansas than in most states," the publication argues, "because Kansas depends more on agriculture, agribusiness and agriindustry than most other states do."

To fare best, the publication continues, states must have economic activities in areas where they have a natural competitive advantage. At present Kansas seems to have a natural competitive advantage with hybrid milo and meat production, petroleum and coal manufacturing, aerospace manufacturing, and crude oil and natural gas mining. The second and fourth are depletable and are facing possible loss of some national tax advantages. The second depends heavily on wars.

"That makes it appear," the publication contends, "that Kansas should have most success in increasing economic activity to pay for her schools, highways, and other projects and services Kansans need by investing in agricultural research and development."

It will take continuing research, the publication insists, to keep Kansas competitive in milo production and in beef output. It also insists that most of the economic activity caused by producing meat takes place in cities and towns rather than on farms. This activity includes that of the firms that sell tractors, combines and all other farm machinery, the producers of oil and gasoline, fertilizers and pesticides, firms that handle, store and transport grain and feed, packers, the bankers and everybody else that in one way or another supplies or services the many facets of agriculture.

It mentions Garden City as an example. Garden City, one of the new centers in cattle feeding, has seen a population growth of 25 per cent in nine years.

Much of the research on milo has been

done at Kansas State. To begin with, this was a tall forage crop, not a grain crop. Scientists at the university did the selecting and breeding to develop a shorter plant with a good grain head suitable for harvest with the combine. A Texas scientist succeeded in hybridizing milo.

Texas now is the No. 1 milo state, Kansas is second. Also, Texas has boomed as a cattle feeding state for the same reason as Kansas—it has the grain feed available. Both states used to send their feeder cattle to the Corn Belt for fattening.

The highest average yield of milo in Kansas prior to the introduction of hybrids was 23 bushels an acre in 1950. Each of the last four years the state has averaged at least 46 bushels. Before hybrids, Kansas had produced only two 50-million bushel crops in all history. By 1966, five counties produced more milo than all the 105 produced in 1956. The last five years, the state has averaged more than 140 million bushels and this year's crop is estimated at a record 182 million with an average of 57 bushels to the acre.

Kansas farmers have doubled hog production since 1957, the year of the advent of hybrid milo, but they still have a long way to go to reach their potential, the publication says. In fact, Kansas doesn't have as many hogs on its farms as it did back in 1909. But the state easily could double swine production with available grain supplies, the university maintains.

The publication states frankly that wheat is in trouble. Even though Kansas this year produced 304 million bushels compared with 204 million in North Dakota, the next in rank, the trouble persists.

Other states, and other nations, are getting higher yields to the acre. Hybrid wheats may put Kansas back into the running, but as of now, the publication admits, the state's farmers are looking for substitute crops and enterprises. Without the wheat subsidy, many Kansas farmers no longer could afford to grow wheat, even with yields as good as those this year. Per acre yields of milo and corn have risen far more than those on wheat. In fact, wheat yields less to the acre than any major crop grown in Kansas. Despite this, it still has some advantages in certain areas.

But to remain competitive in wheat, the university says through the new publication, Kansas has no choice but to invest in wheat research and development. This research should be in the fields of increasing per acre yield, in protein content and in the use of the crop for pasture. Losing its No. 1 crop without having developed a profitable alternative would tend to cripple the whole state, the publication asserts.

How much should Kansas invest in agricultural research? Kansas cash receipts from farming have been averaging 1.5 billion dollars annually. Two per cent of that would be 30 million dollars, the university notes. At present, Kansas is appropriating $3,333,000 for research and nearly 2 million for development (agricultural extension).

PRESIDENT NIXON'S PANEL ON OIL SPILLS

Mr. CRANSTON. Mr. President, on October 19, Dr. Lee A. DuBridge, President Nixon's science adviser and Director of the Office of Science and Technology, released two reports of great importance to California, the American people generally, and the Congress.

These reports by the President's special Panel on Oil Spills covered some of the problems of oil spills on the ocean and development of our offshore mineral resources.

They are the result of a special investigation initiated by the President after the oil well blowout on January 28 at Santa Barbara, Calif.

The President appointed a panel of 12 distinguished scientists and engineers from many parts of the country and from many universities and organizations to study the problems arising from the Santa Barbara disaster. He also sought advice and recommendation on preventing such oil disasters in the future, if possible, and for developing new policies for dealing with the complex problems of developing resources on the Outer Continental Shelf.

Although the reports arose from the incident at Santa Barbara, the findings and recommendations of the Panel have broad application to the entire question of coastal resources development and pollution of the ocean by oil wells or oil tankers. Every State in the Nation bordering on the Atlantic and Pacific Oceans and the gulf coast are concerned with the issues which these reports discuss.

There are numerous recommendations and findings but two important statements emerge from the reports which I would like to call to the attention of the Congress.

First, is the finding that, although the Nation has been alerted to the dangers of widespread pollution by such disasters as the sinking of the oil freighter the *Torrey Canyon* and the Santa Barbara blowout, the report states:

> The Nation still does not have an adequate oil spill technology and has not yet provided the means for bringing an adequate technology into being.

This means that we will again in the future experience oil disasters like the *Torrey Canyon* and Santa Barbara.

I well remember the sad spectacle at Santa Barbara of men in rowboats, armed with rakes and hay, trying to fight the tide of black oil that was sweeping on to the California beaches. Hay for soaking up the oil and rakes for collecting the hay is the extent of our oil spill technology for offshore oil spills. I find that both incredible and unacceptable in the face of warnings by the panel that future spills or blowouts are as certain as taxation and death.

The second major finding of the panel was that there is today no adequate legal or administrative machinery to involve local and State governments in the process of Federal offshore resources development.

At Santa Barbara we find a classic example of the Federal Government overriding local and State desires with respect to oil development and protection of the environment.

For 15 years the State and local governments had protected a 16-mile strip of coastal waters and beaches from oil development at Santa Barbara through creation by law of an oil-free sanctuary on the State tidelands.

With no public hearing, with little or no consultation with the local or State governments, and certainly with no concern for the special environment of Santa Barbara, with its beautiful beaches, harbor and recreational and fishing interests, the Federal Government opened up the Federal tidelands for oil leasing.

Both Secretary of the Interior Hickel and former Secretary Udall now agree that that decision was a tragic mistake.

Yet under existing national policy there is every reason to expect that such a mistake will be repeated.

Secretary Hickel only recently resumed the oil leasing program, apparently feeling that everything is all right and that new regulations will take care of the problem.

But that is not the finding of this special panel of engineers and scientists.

In fact, their finding is just the opposite.

We simply are not prepared for oil spill disasters, for hazards to marine navigation created by oil rigs and platforms, or for the effects of earthquakes on offshore oil fields.

I say these are questions of great magnitude and importance to our future. And they are questions linked to the future of our environment too. For while none of us question the need for resources development we are all concerned that such development does not destroy our environment or threaten our health.

I have introduced a bill—S. 3093—which, if enacted, would avoid the threat of oil spills from Federal areas seaward of marine sanctuaries created by the State of California. This proposal, I believe, is at best a minimum response for the Federal Government to make to efforts of the State and local communities to protect themselves from the black contamination of contemporary offshore oil production.

But beyond the California marine sanctuaries, there are thousands of miles of coastline around our 50 States where oil is being sought or produced or where oil prospecting can be anticipated. In some of these areas, offshore oil can be produced with little or no possibility of damage to a notable coastal resource. In other areas where the qualities and scenic beauties of the coastline rival the California areas which my State has set aside for protection or where there are unique historical values which should be preserved, our people need assurance that proposed oil production can proceed without endangering the quality of their resources.

Furthermore, if oil production in our coastal waters, given the present state of our skills, threatens in insidious ways yet unknown the environment which we must maintain as habitable if we and our descendants are to survive, then it must be our responsibility to accelerate our techniques, develop new safety procedures, and do a much better job of managing our total national oil development program.

In face of these concerns, the two-part report of the DuBridge Panel should receive thorough review by Congress. I am particularly interested in the panel's escrow concept of holding our offshore mineral resources in reserve until that future time when the skills and techniques of oil production have been made safe.

Mr. President, I commend the entire DuBridge report to Senators, and I ask unanimous consent that the summary of findings and recommendations of both

parts of the report be printed in the RECORD.

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

THE OIL SPILL PROBLEM: FIRST REPORT OF THE PRESIDENT'S PANEL ON OIL SPILLS

SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. Although oil spills cannot be eliminated entirely, steps can be taken to reduce the probability that they will occur. Steps can also be taken to prepare for oil spills so that the damage and deleterious effects are reduced. Despite the lessons learned from the Torrey Canyon, Santa Barbara and other spills, the nation is not doing enough in either of these areas.

2. The United States does not have at this time sufficient technical or operational capability to cope satisfactorily with a large scale oil spill in the marine environment. A research, development and deployment program to monitor and control massive spills should be implemented to advise the public of the probability and predictability of oil spills and of the existence and effectiveness of standby cleanup capabilities.

3. Responsibility for developing technology on oil spills should be vested in a single federal authority, with mandates to stimulate private industry involvement and to work coordinately with local governments. The authority responsible for developing an oil spill technology should also undertake the jobs of forecasting the probable incidences of oil spill events and arranging for deployment of emergency equipment accordingly.

4. Similarly, there is need to assign to a single agency the operational responsibility for dealing with an oil spill. The current contingency plan should be revised and implemented and it should provide for a fund upon which the commander of an oil spill team can draw for meeting the costs of operations to control an oil spill.

5. In all oil spill events, the contingency plan should also provide for assembling, separate from the operations team to combat the spill, a group of ecologists, environmental scientists, engineers, economists, and others with expertise in the area concerned, to advise the operations team and to recommend action for appropriate studies and analyses to assess the effects of the spill.

6. There is no clear policy for determining when the public interest in an oil spill should preempt private interests. Jurisdictional responsibilities and liability for damage are not clearly defined. A review of legislative and administrative practices in these areas is recommended.

7. There is need for a quasi-independent advisory group on oil pollution to provide an overview of this subject for the benefit of the President, the Congress, and the public at large. We recommend that an Advisory Board on Oil Pollution and Hazardous Fluids be established to advise the President and the National Interagency Committee with respect to policies, programs, and plans relative to the prevention or mitigation of pollution from the transportation, processing and utilization of oily substances and other hazardous fluids.

8. Coastal areas of potentially high environmental risks relative to oil tanker shipping lanes and terminals should be identified. Steps should be taken immediately to negotiate international agreements providing firm regulatory control of shipping lanes used for transportation of oil and hazardous materials.

9. Within the federal agencies an authority and responsibility should be clearly identified and delegated for:

(a) Design specification and inspections of ships, barges and port facilities with respect to overall size, compartments, loading equipment, navigational equipment and ship control, and pollution control equipment.

(b) Monitoring and regulating ship movement in the territorial waters of the United States.

(c) Design specification, construction and inspection of pipelines carrying oil and hazardous fluids.

(d) Monitoring major spillage incidents with chronological estimates of oil contamination, and informing the operational agency responsible for cleanup.

10. Along many coastal regions the production of oil and gas is one of the most valuable industrial activities for direct economic return. Nevertheless in certain areas of great population density and high recreation and aesthetic value it is essential that: oil well operations be conducted under stringent regulations and supervision using the most up-to-date technology in order to minimize the possibility of oil leakage; and any oil companies holding offshore leases be required to show their capability for control, containment and removal of spilled oil from the sea to the responsible agencies.

11. Because of variable oceanographic characteristics and differing beneficial uses of the ocean, the potential consequences or environmental degradation in case of well leakage are highly variable. Therefore, some situations require higher standards of operation and supervision than others. If special problems are encountered then special regulations and procedures may be required.

OFFSHORE MINERAL RESOURCES: SECOND REPORT OF THE PRESIDENT'S PANEL ON OIL SPILLS

SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. In keeping with the desire to make the wisest possible use of our public resources and to provide a source of independent advice for the Secretary of the Interior we recommend that a Resource Advisory Board be established to advise on all matters pertaining to the development of resources.

2. The occurrences of resources offshore and the multiple uses to which offshore areas are subjected are not respecters of political boundaries. Therefore we recommend that prompt and meaningful efforts be made to incorporate the opinions, advice and policies of state and local governments into the plans for development of the Federal offshore mineral resources.

3. Development of our offshore resources may have effects on the citizens of the area which are very difficult to measure in economic terms. While every effort should be made to assess these opportunity costs in planning, some will still remain vague and difficult. We recommended that well-publicized public hearings be held in the areas where offshore resource developments are contemplated and that opportunities be afforded to private citizens, commercial interests and others to present their views to the government.

4. At present, disputes about the development of new offshore mineral resource areas are usually between exploitation now and prohibition of development for all time. We suggest that there are potential offshore resources which fall into neither of these categories and that wise employment of our natural resources and preservation of our environment are ill served by the existence of only these two extreme positions. We therefore recommend that a class of escrow resources be recognized as a matter of policy. These resources would be placed in escrow for fixed periods of time instead of being extracted at present.

5. Common sense and the public interest demand that adequate information be available to those making decisions about offshore resources. We therefore recommend that, through negotiation, purchase or possibly regulation, data necessary for resource evaluation held by private companies, state and local governments and any other parties to exploration and development of offshore mineral resources be made available to those who must make decisions about their exploitation.

6. In view of the multiple uses of offshore areas and the environmental hazards associated with offshore mineral development careful management is needed to protect the marine environment and to make the wisest use of our offshore resources. Leasing and royalties of offshore resources bring substantial funds into the Treasury of the United States. (The yield to the Federal Government in 1968 was over one billion dollars.) It is our conclusion that the present size of the staff in the Department of the Interior is inadequate to manage this important resource and source of income. We therefore recommend that a careful review be conducted so that the appropriate level of management can be implemented and funded to guarantee more detailed supervision and planning of the employment of our offshore resources.

7. We recommend that the presently existing standards for construction of offshore structures be reviewed area by area to determine their appropriateness. We further recommend that the proposed plans of offshore lessees be at least spot checked in detail to be certain that the standards are being met.

8. We recommend that the Secretary of the Interior and his advisers seek out any advancements in technology which may tend to simplify the multiple use conflicts of offshore resources. In particular, we recommend that the Government move now toward a policy that within specified areas offshore oil and gas production be accomplished from structures totally beneath the surface of the sea unless application is made and granted for an exception that would permit erection of above water structures. We do not suggest that all the structures can or should be beneath the water but that many can.

9. The geological features in which offshore resources occur do not coincide with our political subdivisions. We therefore recommend that necessary steps be taken such that utilization of production from offshore oil structures and mineral deposits be practiced so that the wisest use of our offshore resources may be made, maximum safety may be obtained, and maximum yield may be obtained.

10. Recognizing that certain areas may require more stringent regulations and more careful supervision than other areas where the multiple-use conflicts are not so pressing, we recommend that the Secretary of the Interior and his advisers review offshore areas for which leasing or development is proposed to determine which areas may require more extensive supervision and more stringent regulations and to consider whether, for some of these areas, the resources should be placed in escrow or in ecological preserves.

11. The offshore resources belong to the public as a whole. The multiple uses, public and private, must be considered equally with the economic balance of profit and cost. There is every evidence that recreational, wildlife, and mineral resources may be in equally short supply in the not very distant future. We therefore recommend that the Secretary of the Interior strengthen those branches of the Department concerned with offshore resources and the total ecology in which the resources occur.

THE MYLAI INCIDENT

Mr. DOLE. Mr. President, a major news item of recent weeks has been the incident of Mylai in Vietnam. Many implications have been read into the events or alleged events in this village. They have been interpreted as having no significance to serving as evidence of an

overriding national decadence. One analysis which I have found persuasive comes from a newspaper in Kansas.

Mr. President, I ask unanimous consent that an editorial published in the Lawrence Daily Journal-World of December 5, 1969, be printed in the RECORD.

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

SUDDEN GUILT COMPLEX

Recent reports indicate people of the United States are suddenly discovering that war is a dirty, brutal, bloody and needless experience. This fact should have been recognized by most people centuries ago but because of some weakness in the human mind, the people of the world have followed along blindly as their leaders have led them into battle, massive death and destruction.

It seems strange that the public is rebelling all of a sudden. The triggering episode seems to be a belated report on the attack of a U.S. infantry unit on the hamlet of My Lai in Vietnam during March of 1968. During the attack numerous civilians were killed, including women and children, and 20 months later the action is being described as a "slaughter" and a "mass killing."

No one seems to know exactly how many Vietnamese were killed but one report suggests there were "between 25 and 28 civilian casualties." Other reports have higher figures. The U.S. commanding officer is quoted as saying the attack on the village was ordered "on information that it was full of Viet Cong."

It was a nasty shooting with women and children being killed but, where has there been a war when this has not happened? Everytime any national ruler orders troops into battle, innocent civilians, and some not so innocent, are going to be killed.

Military men are trained to kill. That is the primary purpose of war. That is why dictators, parliaments, premiers, bundestags, diets, the Congress and all other governing bodies spend staggering amounts of taxpayers' money on weapons that will kill quickly and ruthlessly.

Anyone who suddenly finds out that warfare is bad is someone who has been daydreaming. What happened in My Lai is minor compared to what has happened many times in other parts of the world.

Why has this current sense of national guilt erupted in such force because a comparatively few Vietnamese women and children died from bullets fired by U.S. soldiers? Why should we think the United States has been so innocent in comparison with our enemies of modern times: The Germans, the Japanese, the Koreans and the Viet Cong?

What about that atom bomb the U.S. Air Force dropped on Hiroshima August 6, 1945, almost obliterating a city of 350,000 people, which was more than half composed of women and children? And then the 250,000 city of Nagasaki which suffered the same fate three days later.

And then there were the millions of tons of bombs scattered indiscriminately over Berlin, Pforzheim, Dresden, Munich, Dusseldorf and dozens of other large cities during World War II which killed hundreds of thousands of civilians.

The nation cheered. The President who ordered the attacks was praised for his astuteness and courage. Bombardiers were treated as returning heroes.

Perhaps a part of the difference then was that we thought we were fighting a defensive war. We had chosen up sides with Great Britain and France but, even so, we were attacked by Japan and it was unanimous national opinion that we were fighting for our lives. Today there is no unanimous feeling on anything connected with the war in Vietnam except that the men who are fighting and suffering for the United States deserve the moral support of those back home who are living in safety and comfort.

War is terrible and it always has been terrible. Men of good minds and good will always have known this to be true and yet mankind collectively has been too weak to do the things which are necessary to avoid wanton killing and destruction.

My Lai could be a spark to arouse some deep soul searching among Americans but by itself it is but a minor episode in the needless bloodletting that has gone on for centuries.

ADDITIONAL NAMES OF CALIFORNIANS KILLED IN VIETNAM

Mr. CRANSTON. Mr. President, between Saturday, November 29, 1969, and Thursday, December 11, 1969, the Pentagon has notified 10 more California families of the death of a loved one in Vietnam.

Those killed were:

Sgt. Foster Cranmer, son of Mr. and Mrs. William C. Cranmer, of Palo Alto.

A1c. David M. Davison, son of Mrs. Joan Arellano, of San Jose.

CWO Jack D. Knepp, husband of Mrs. Catherine L. Knepp, of Big Bear City.

Sgt. Robert B. Kostich, Jr., son of Mr. and Mrs. Robert B. Kostich, of Oceanside.

Hospitalman Patrick L. Purdin, son of Mr. and Mrs. Owen Purdin, of Long Beach.

Sp4c. Stephen L. Ragsdale, husband of Mrs. Sally L. Ragsdale, of Wasco.

Sp4c. John W. Roles, son of Mrs. Louis A. Roles, of Costa Mesa.

Pfc. Francisco M. Trujillo, son of Mrs. Rachel Martinez, of Livingston.

Sp4c. Royce W. Trussell, Jr., husband of Mrs. Terry F. Trussell, of Pomona.

Hospital Corpsman Richard O. Wolfe, husband of Mrs. Carolyn A. Wolfe, of Imperial Beach.

They bring to 3,901 the total number of Californians killed in the Vietnam war.

RETURNING NATIONAL GUARDSMEN

Mr. DOLE. Mr. President, yesterday Wichita and Hiawatha, Kans., held ceremonies to honor Kansas National Guardsmen who returned to their hometowns and families after 18 months of active duty.

In May 1968, following the capture of the *Pueblo*, the 69th Infantry Brigade of the Kansas National Guard was summoned to active duty. As Kansans have done whenever their country has needed them, members of the 69th responded. They put aside their civilian jobs and private concerns to don the Army green. They said goodby to loved ones and friends and went away with their comrades to serve America.

Mr. President, the men of the 69th gave up 1½ years of their civilian lives and careers, but we owe a deep debt of gratitude not only for their sacrifice but for their contribution. The men of the 69th distinguished themselves and their units throughout this period of active duty by their performance and dedication to the Army's defense effort. Men who one day had been civil servants, businessmen, and laborers, the next day were first-rate full-time soldiers. They gave real meaning to the National Guard's tradition of readiness.

I regret our business in the Senate yesterday prevented my attendance at the welcoming ceremonies in Wichita and Hiawatha, but I am grateful that I may tell the Senate of these returning soldiers. I also wish to express my congratulations and appreciation for the job the 69th has done and to extend best wishes and warm regards as these Kansans resume their civilian lives.

HIGH INTEREST RATES

Mr. HARRIS. Mr. President, yesterday I addressed the Senate in connection with the Tax Reform Act, and in the process expressed my concern about this administration's policy in regard to tight money, a policy which has permitted interest rates to rise to their highest level in 100 years of this country's history.

Mr. Elliot Janeway, noted economist, appeared recently on the NBC "Today Show" and discussed the same subject, calling the present course "calamitous."

I ask unanimous consent that the portions of that interview dealing with high interest rates be printed in the RECORD.

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

ELLIOT JANEWAY ON "TODAY" SHOW, NBC–TV, DECEMBER 5, 1969

ANNOUNCER. 800 in the Dow Jones average was supposed to be the magic floor the number below which it would not drop prices of shares on the New York Stock Exchange . . . would not drop . . . but it fell below that figure this week and the market continues to slump and to discuss the significance of this decline and how alarming it might be, we've asked economist Elliot Janeway to be with us this morning and right off I'd like to ask you, Elliot, how serious this thing is for the economy as a whole?

JANEWAY. Calamitous! There are some people who say that what's bad for the stock market is good for the struggle against inflation. I don't think that's so. What's bad for the stock market is a signal that bad things are coming for the economy and are coming for the country.

ANNOUNCER. Well, do you see this as something getting a lot worse or . . .

JANEWAY. Oh, yes.

ANNOUNCER. It is going to get worse?

JANEWAY. Yes.

ANNOUNCER. Somebody pointed out that there's an anomaly there—that if there is a market slump and inflation at the same time, this is a paradox . . .

JANEWAY. Inflation has a backlash just like the war in Vietnam and I brought this out in my book "The Economics of Crisis" when I explained how it came about that this war was the first war in history to put a squeeze on the economy instead of enabling the economy to expand. Inflation's backlash, which started by helping the market and after a while became very profitable for the stock market, has now begun to choke the market. The worse it is for inflation . . .

ANNOUNCER. So, as inflation goes on, the stock market will be hurt?

JANEWAY. That's right. The worse it is for inflation, the worse it is for the stock market.

ANNOUNCER. What's going to turn it around?

JANEWAY. It won't turn around until the

price of money comes down. Here you see the finest corporations in the country being forced to pay insupportable and extortionate interest rates. You see this overbidding between corporations and governments—cities, state, and federal—for a supply of money which is being curtailed. Until this overcompetition is called off, which means credit control, the stock market is going to be caught in the middle.

ANNOUNCER. Will this happen normally?

JANEWAY. It won't happen normally.

ANNOUNCER. How will it have to be done?

JANEWAY. What is being done now is making inflation worse. Corporations will continue to bid for money no matter how high the interest rates go. Governments have no alternatives but to bid for money. The government is complaining about inflation but its own bids are topping the bids of business and driving commercial borrowers out of the money . . . out of the market. So long as this continues, until the prices of long term bonds come down, until the interest rates on long term bonds is brought down, the stock market will be on the toboggan.

ANNOUNCER. The interest rates some are getting paid now is 9¼%. Is that pretty accurate?

JANEWAY. TWA paid 10%. A first-class company . . . 10%.

ANNOUNCER. Where do you think it will have to get down to, to turn the market around?

JANEWAY. Well, I would think that if corporations . . . if corporate bonds came down to about 7 or 6½%, which used to be thought very high—or I think a more reliable index would be if municipal bonds, which are now going for 8% tax free, which for someone in the 77% tax bracket means a pre-tax equivalent yield of 30% so that you're right in the heart of Brazil. Is it any wonder the stock market is a shambles when you have rates like that? Money users have shown they are willing to pay any price to bid liquidity away from the stock market and money is following the magnetic lure of the rate.

* * * * *

ANNOUNCER. Now, Elliot, I take it something is wrong and something should be done about it. Now the ball is in whose court? Is it the government—the federal government?

JANEWAY. The Federal Reserve Board.

ANNOUNCER. What should they do?

JANEWAY. Well, I believe they should have gone to credit controls over a year ago. Here we have an income explosion. The banks are being permitted to give credit to some credit cards who haven't even asked for them. You've got give-away credit with no restriction on it to people who don't need it because their incomes are going up to beat the band whereas the employer isn't being allowed to borrow the payroll. No wonder you've got a profit squeeze. And the answer of the employer to the profit squeeze is to go out to get more money to invest in more automation. So the worse it is for the profit squeeze, again you have another fractured rule of thumb. The textbook which our superior officers in Washington are going by assumes that a profit squeeze chokes off the demand for new money. Instead, the new practice which is outmoding the old theory results in the corporations' reacting to the profit squeeze by going for more money.

VIETNAM VETERAN'S LETTER

Mr. DOLE. Mr. President, recently the Emporia Gazette named a young college student its "Man of the Week." James H. Deister was so honored not because of any actions associated with his collegiate career or for any deeds performed in his community. He was singled out for his thoughts, persuasively expressed in a letter.

James Deister is a veteran of Vietnam and wears the Purple Heart. His thoughts on protest and demonstrations on campuses and elsewhere deserve widespread and serious attention. I am sure that Senators will find them valuable and persuasive.

I ask unanimous consent that the letter, which was printed in the Emporia Gazette of November 14, 1969, be printed in the RECORD.

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

[From the Emporia Gazette, Nov. 14, 1969]

As a soldier in Vietnam, he survived an experience that no man has a right to survive. He was a member of a security patrol on the perimeter of a fire base. The patrol was attacked by the Viet Cong. Mr. Diester was wounded and knocked unconscious by a piece of shrapnel from a mortar round. While he was unconscious, the patrol was overrun, and each member, including Mr. Deister, received a bullet through the head. He survived. Needless to say, he received the Purple Heart for his wounds. He recently was informed by the Army that he is to receive a Bronze Star for another action in which he participated.

Mr. Deister is The Gazette's Man of the Week, however, not for his bravery or his suffering, but for the following letter:

"Upon musing over 'the Wailing Place,' (The Gazette, Nov. 10th), and fearing that Emporians feel they are being taken over by dissenters from other towns and states, I have decided to submit this letter.

"I am a Kansas State Teachers College student from another Kansas town who feels that the war is legal as well as moral. Legal, because of the Southeast Asia Resolution, passed by Congress in 1964, and moral because of the commitment made by previous administrations. Sure, it sounded good back in 1962, when President Kennedy said, 'We shall pay any price, bear any burden, meet any hardships, to assure the survival of freedom and liberty!' But to live up to it is a different story.

"I realize my views are biased because I am a Vietnam veteran, but then, I feel more qualified to speak on the subject than my shaggy-haired friends, who have never seen Vietnam. But I am not a critic who condemns these people as traitors. I realize that some of them are as patriotic as I, but I do feel their aims are misguided.

"The dissenters are looking for a project. I have one. How about circulating a petition of moral support for the 'Forgotten Americans.' The 'Forgotten Americans' I am talking about hump in the rice paddies in the Delta, sleep in a rat-infested bunker along the DMZ, and face various other aspects of war in Southeast Asia. Critics will say, 'Why should I give support to the soldiers and sailors in Vietnam?' I'll tell you why; because they are over there fighting while you sit back here in the world behind your II–S, I–Y, IV–F or I–O deferments (if he wasn't there, you might be), and because they think that, other than their family and rare instances, nobody in America gives a damn whether they live, die, or burn with the wastes out behind the latrines!

"This does not have to be a confirmation of the war, just a lift to our men's morale. The petition could read: 'We, the undersigned, some opposed to the war, and some behind the war, have one thing in common; that is that we care about our men in Vietnam, and over the world, and wish them luck!" and then signed by everyone in Emporia.

"Respectfully,

"JAMES H. DIESTER."

SMALL BUSINESS AND EQUITY CAPITAL

Mr. SPARKMAN. Mr. President, as most Senators are aware, small business has been a matter of concern to me since I first began to serve as a Member of Congress in 1937. During all of those years, I have studied the problems affecting small business. As a former chairman of the Senate Select Committee on Small Business and currently chairman of the Committee on Banking and Currency, which legislates for small business, I think I know something about the difficulties facing the American small businessman during these times of high prices and tight money.

Foremost among today's many problems confronting the small shopowner and storekeeper is a shortage of capital.

I take this opportunity to mention an article entitled "Small Business Financing: Meeting the Need for Equity Capital," written by Tim Ford, chairman of the Federal Bar Association's Small Business Committee, and published in a recent edition of the Federal Bar Journal.

In the article, Mr. Ford discusses the various credit sources available to small businessmen in search of capital, ranging from banks and regular institutional lenders to the Small Business Administration. He also describes how small businessmen can seek equity capital through the securities markets under the Regulation A exemption.

I submit that the article should be required reading for anyone who considers himself a student of small business.

I ask unanimous consent that the article be printed in the RECORD.

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

SMALL BUSINESS FINANCING: MEETING THE NEED FOR EQUITY CAPITAL IN THE SMALL BUSINESS SECTOR

(By Tim C. Ford*)

SMALL BUSINESS A RELATIVE CONCEPT

In this age of giant corporations it is sometimes forgotten that small business still plays a highly significant role in the American economy. The small firm accounts for about one-third of the business-produced gross national product and meets about two-fifths of the payrolls of the gainfully employed. In terms of numbers, the small business firm dominates the economic scene, with over 5 million small businesses operating in the United States.

Any delimitation of the small business sector of the economy is of necessity arbitrary. Smallness is a relative concept and varies with the purpose of classification and the yardstick used. What is regarded as a very small firm in one industry may be considered to be a very large firm in another industry. Frequently used criteria of size are the number of employees, annual sales, and total assets. According to the U.S. Department of Commerce and the Small Business Administration, manufacturing firms are classified as small if they employ less than 250 people. These agencies classify as "small" wholesalers with yearly sales of less than $5 million and retailers with annual sales or receipts of less than $1 million.

VITALITY OF SECTOR AND THE NEED FOR FUNDS

For our purpose, the economic contribution made by small business does not rest on a

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quantitative determination of how many such firms there are, how many workers they employ, or how much they add to the gross national product. Suffice it to say that they make a genuine contribution to our economic life, that in many important branches of industry and trade the small firm is no less efficient than the larger one, and that economic progress has been advanced by the innovations of small enterprises. One need only recall the great strides in the postwar period made in the field of retailing by the supermarket, the discount store, and the shopping center, and in the field of manufacturing, by the electronics industry, to realize that the small business unit has a vital role to play in our society.

If the steady infusion of new firms and the growth of small firms are essential to the health of our competitive market economy, then the problem of financing small business is likely to engage the attention of the lawmaker as well as the businessman for some time to come. Small firms tend to believe that they operate under special handicaps in obtaining funds to carry out their plans. It frequently seems to them that the banking and financial machinery is stacked in favor of meeting the capital and credit needs of the large established firms, while they suffer from constraints imposed by lenders and investors who regard small business enterprises as "high risk" ventures. Whether this is true or not is debatable. What is true, however, is the fact that, as far as small business is concerned, a distinct equity "gap" does exist. This gap is somewhat flexible, varying with the available supply of investment capital. In today's money market, this gap is critically wide.

This equity hiatus can best be understood by briefly reviewing the sources of funds available to small business. These may be grouped as short-term, intermediate, and long-term funds.

SHORT-TERM CREDIT

The small firm procures short-term financing from three major sources: trade credit, bank loans, and commercial finance companies.

A. Trade and bank credit

The most widely used source of funds is the credit supplied by the seller of goods or services. Mercantile credit is of short duration, usually thirty days. According to a government report on the relative use of trade and bank credit by manufacturing firms, in small firms, *i.e.*, those with total assets of less than $250,000, trade credit amounted to a little over 20 percent of total assets. For the same size firm, bank credit amounted to less than 4 percent of total assets. On the other hand, firms with total assets of 1 million to 5 million dollars showed a use of trade credit which amounted to 10.6 percent of total assets and of bank credit which amounted to 6.4 percent. These percentages would seem to indicate that the small firm is relatively more dependent on trade credit than the larger firm and that bank credit plays a rather subordinate role in the credit picture of the small firm. It must be remembered, however, that the supplier of the small firm usually has to turn to the banks for short-term funds with which he finances the credit extended to his customers. Thus, it would be misleading to conclude that bank credit does not play a significant role in the over-all picture of business credit.

B. Commercial finance companies: Factoring

The third source of short-term funds is the commercial finance company. These companies fall into two categories. The first includes companies which make loans secured by a pledge of the firm's inventory or of its accounts receivable. The amount of the loan varies between 50 and 90 percent of the cost or market value of the inventory, and between 65 and 85 percent of the accounts receivable. The second consists of factoring companies that make outright purchases of accounts receivable on the basis of no recourse against the seller. Thus the collection problem and the entire risk is shifted directly to the factoring company.

INTERMEDIATE CREDIT

Intermediate type of loans, usually referred to as term loans, generally run for a period of from 4 to 6 years. The major sources of term loans are banks, insurance companies, and the Small Business Administration.

A. Commercial banks

Commercial banks, especially in smaller communities, hesitate to make loans with a maturity in excess of one year. During the past 10 to 15 years larger banks in the major urban centers have become an important source for long-term funds to finance capitol expenditures by industry. Term credit is granted in many instances to small businesses that do not have ready access to the capital market. If the funds are used for new equipment, the term loan will range between 2 and 4 years and will provide up to 75 percent of the cost of such equipment. In the case of the smaller firm, the company will be required not only to put up a portion of the purchase price out of its own funds, but also to assign title to the machinery to the lender.

Term loans are usually repaid in installments. When they are not secured, they are accompanied by other limiting conditions, such as, requiring the maintenance of a minimum level of working capital, keeping capital expenditures to an agreed level, limiting salaries and dividends paid owners.

B. Insurance, commercial finance, and leasing companies

In recent decades, life insurance companies have begun to make some term loans to small businesses but, in relation to the resources of the industry, the volume of such loans is very small. Term loans are also occasionally secured from commercial finance companies, but at rates that are often prohibitively high. In recent years there has been an increase in leasing companies which supply small business with the use of assets without committing equity capital.

C. Small Business Administration

The SBA is authorized to make term loans to small firms either for constructing new facilities, providing working capital, installing needed equipment, or for consolidating existing debts. These loans have an average maturity of about five years; the maximum permitted under the law is ten years. Public Law 90–104 authorized a maximum term of fifteen years for loans to construct, improve, or expand physical facilities. SBA loans to any one borrower may not exceed $350,000. If a bank participates in the loan, the total amount may exceed SBA's statutory limit by the amount the bank is prepared to lend in excess of the $350,000 SBA maximum.

VENTURE CAPITAL: THE SMALL BUSINESS INVESTMENT COMPANY

A. The gap in supply of long-term funds

Financial needs vary with the different categories of small concerns. The largest segment of small business—retail trade and service industries—requires mostly short-term credit which appears to be quite adequately met by business suppliers, commercial banks, and finance companies. Most of the unsatisfied demand of the smaller firm is for long-term loans, equity, or equity-type credit. The main business financing problem is usually in the manufacturing area. These firms may also need working capital, but their greatest need is for investment funds to meet plant and major equipment expenditures. It is the new firm or the innovating older firm, whether in manufacturing or nonmanufacturing industries, which justify attempts to close the gap between the need and supply of long-term funds.

B. The SBIC program

One such attempt to fill the financial gap by providing venture capital to small firms was started about eleven years ago, when Congress passed the Small Business Investment Act.[1] The Small Business Administration was authorized to license and regulate privately owned and operated investment companies to stimulate the flow of equity capital and long-term loan funds to small business concerns. The 1958 law, as amended, requires the small business investment company (SBIC) to have a minimum of $150,000 in capital and paid-in surplus in order to receive a license from the SBA. An SBIC can receive up to $10 million of fully subordinated 15-year bank loans from the SBA which can then be invested in small business concerns. A small business investment company is eligible to borrow two dollars from the SBA for every one dollar of private capital, up to a maximum loan of $7.5 million. If it has 65 percent or more of its total funds available invested in venture capital, the SBIC is eligible to borrow $2 for every dollar of private capital up to $1 million, and $3 for every dollar above $1 million up to the total loan maximum of $10 million.

During the first four years after the SBIC Act was passed, some 600 small business investment companies were established, and by mid-1966 a peak of 800 was reached. Since then the number has shrunk to less than half the 1966 peak, with the expectation that they may shrink in number to about 200.

C. Weaknesses of the program

The program has suffered from a number of weaknesses. While the intent of Congress was that the emphasis of the SBIC's should be to stimulate the flow of equity capital to small firms, the main emphasis was on long- and short-term loans. Moreover, the licensing standards for SBIC's were so nebulous that many abuses crept into the program. A number of companies found themselves in difficulty. According to the Administrator of the SBA, they suffered from lack of knowledgeable management, inexperience, and failure to adhere to law and regulations.[2] It became quite evident that they were too small in size to be able to cope adequately with the problems of risk involved in supplying venture capital to small business concerns.

D. Recent attempt to strengthen SBIC's

The 1967 amendments to the SBIC Act of 1958[3] offer several incentives for increasing the size of small investment companies. The SBA can now purchase SBIC's debentures in an amount equal to twice the company's private paid-in capital and surplus, provided the amount does not exceed $7.5 million—a figure which is far in excess of the total amount under earlier legislation. Moreover, formerly only SBIC's with capital of $700,000 or less, were entitled to a two-to-one leverage; now companies with private capital of $3.75 million, or less, can benefit from such leverage. Then there is the three-to-one leverage for companies with capital and surplus of at least $1 million, who invest about two-thirds of their total funds in venture capital.

The most successful SBIC's have been the bank-affiliated companies. The Bank of America, Morgan Guaranty Trust Company, the First National City Bank of New York, Citizens and Southern Bank of Atlanta, and the Union Bank of California have large SBIC subsidiaries.

E. Effect of tight money market: budgetary constraints

The SBIC's during the past year in particular have been hit by the tight money conditions which have prevailed in the financial markets. When money becomes scarce lenders and investors do not give most SBIC's anywhere near top priority in the list of possible recipients of funds. Moreover, the tightening

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of the Federal budget since July 1968 has greatly restricted the volume of SBA loan funds to small business investment companies. Then again, while the Federal Government has raised the permissible interest rate on guaranteed loans to 7 percent, market levels were moving to higher levels on many attractive debt instruments. Thus, insurance companies and other investors have not shown much interest in SBA's program of guaranteeing private capital investment in SBIC's.

The tight money market and the restrictive Federal budgetary situation have led to the proposal for legislation that would convert the program into a self-financing capital "bank" or revolving fund,[4] authorized to issue its own Government-guaranteed securities in the market and not subject to budgetary restrictions.

SECURITIES REGULATIONS AND EQUITY FINANCE

The securities market also serves as an avenue through which small business can secure equity capital. One of the objectives of floating a stock issue is to tap wider sources of capital needed to finance business expansion. An advantage of the small concern "going public" is that the proprietors do not lose control of their firms by a public distribution of their securities to a relatively large number of investors.

Issuers of securities making public offerings are confronted by existing machinery of government which regulates such issuance. How the small concern fits into the regulatory machinery of the Federal Government and whether it works for or against the attempt by small firms to raise equity capital, will be discussed in the remainder of this article.

A. Protection of investor through financial disclosure

In 1933 Congress passed the Federal Securities Act,[5] the purpose of which was to protect the investor through the disclosure of financial and other pertinent information. The Act requires a corporation proposing to offer its securities to the public to file a registration statement with the Securities and Exchange Commission setting forth material information about the company and its securities.[6] The Act further requires that investors be furnished with a prospectus containing the most significant information set forth in the regulation statement.[7]

The Securities and Exchange Commission has no authority to pass on the merits of the new security issue, but it has the responsibility of making sure that all relevant information concerning it is disclosed. To the extent that Federal disclosure contributes to public confidence in securities, the Act facilitates the raising of capital by all companies, large and small.

B. Registration statements: Processing and volume

The Act provides that the registration statement become effective 20 days after it is filed, or 20 days after filing an amendment thereto.[8] The period between filing and the effective date gives the investor an opportunity to become familiar with the proposed offering through the dissemination of the preliminary form of the prospectus.

Since most registration statements have to be amended, they may become effective a considerable time after the original filing. During the fiscal year 1968 the median number of calendar days which elapsed between the date of original filing and the effective date was 44.

During the fiscal year 1968, 2,906 registration statements were filed for offerings aggregating $54 billion. That the door appears to be open for additional companies to offer securities to the public is indicated by the fact that about 30 percent of the registrations were filed by companies that had not previously filed registration statements under the Securities Act.

C. Exemptions for small issues: maximum limitation of size

The SEC is authorized under Section 3(b) of the Securities Act to exempt any class of securities from registration, if it finds that the enforcement of the registration provisions of the Act with respect to such securities is not necessary in the public interest and for the protection of investors by reason of the small amount involved or the limited character of the public offering.[9]

At first the exemption from registration was granted only to issues up to $100,000. In 1945 the authority was modified to exempt offerings of a company up to $300,000 in any one year.[10] The maximum exemption of $300,000 on the size of issues has continued in force until the present time.

D. Regulation A

The SEC Regulation A implements Section 3(b) of the Securities Act of 1933. It requires the issuer to file a statement of notification supplying basic information about the company with the Regional Office of the Commission nearest to the issuer's place of business and an offering circular which must be used in offering securities. An offering circular need not be filed or used when the offering is not in excess of $50,000 by a company with earnings in one of the last two years. The notification statement requires less detail than the registration statement.

During the fiscal year 1968, 515 notifications were filed under Regulation A covering offerings of $112.3 million. Of these offerings, 102 were $100,000 or less; 97 were over $100,000, but not over $200,000; and 316 were over $200,000, but not over $300,000.

E. Other exemptions: intrastate offerings, private placements, SBIC's

Three other types of exemption which could be of importance to small business should be mentioned. First, is the exemption of intrastate offerings. A new issue sold only to residents of the State in which the issuer is incorporated and doing business is subject only to the regulations of that State. Smaller companies have made substantial use of this exemption. Since there is no requirement that the SEC be furnished with notice of such offerings, it is not possible to state exactly how many intrastate offerings are made each year. One indicator of the amount is the number of permits issued to corporations by States which do not exempt small issues from the permit requirements of their securities laws. One such state, California, issues about 15,000 permits a year.

Another type of exemption from registration is for transactions not involving the public offering of securities, *i.e.*, issues sold to a relatively small number of investors who may be expected to have access to the relevant information necessary to form an independent evaluation.[11]

Finally, the SEC is authorized to exempt securities issued by small business investment companies under the Small Business Investment Act.[12]

A PROPOSED CHANGE IN REGULATION A

A. Raising maximum exemption to $500,000

For nearly a quarter of a century securities publicly offered for sale by the use of the mails, or the instrumentalities of interstate commerce, have been exempted from registration, if the issue was not in excess of $300,000. Early in 1969, a number of Senators of both political parties sponsored a bill—S. 336[13]—which would amend Section 3(b) of the Securities Act of 1933. This would permit a maximum limitation of $500,000 upon the size of the issues which may be exempted from registration with the Securities and Exchange Commission.

B. Criticism of existing regulation

Those who seek liberalization of exemptions believe that the problem of getting equity capital by the small firm are difficult enough without being further hampered by the delays and costs of filing registration statements. Small concerns are faced with relatively higher public financing costs than larger and better known firms. Moreover, because of the risks involved, the investor's preference is for the securities of the established firm. The likelihood of there not being a ready market for an issue raises its cost of distribution. Then, too, the costs of preparing registration statements for submission to the SEC—expenses for lawyers, accountants, investment bankers, or broker-dealers—are proportionately higher for the small, as compared to the large firm.

Perhaps the strongest argument against the continuation of the $300,000 limitation is the fact that it would be inconsistent with the intent of Section 3(b) of the Federal Securities Act, namely, to ease the path to the security markets for the small concern desiring to acquire equity capital. Much has happened to the cost-price structure in the last 25 years, with the result that many firms which could qualify for meeting conditions of Regulation A in earlier periods cannot do so under the higher price level which prevails in recent years. In other words, inflationary developments alone would seem to call for reexamination of the adequacy, under present conditions, of the statutory maximum figure for exemptions from registration.

C. In defense of current regulation

Those who believe that the present statutory limitation on the size of issues to be exempted from registration should not be changed, argue that the proponents of change present a distorted picture of its impact on the small firm's ability to raise capital from the public. They point out that the facts do not support the claim that the small concern is unduly burdened by the expense of preparing a registration statement, and by SEC's delays in processing them.

With respect to the matter of expense, there is a good deal of misunderstanding on the subject. It may be true that small concerns frequently incur sizeable expenses in filing for approval of an issue. But much of this expense cannot be directly attributable to the preparation of a registration statement with the SEC. Even if there were no SEC involved and a concern decided to "go public," it would often have to review its operations and make a number of internal changes and incur additional costs before it could place itself in a favorable position for attracting the investing public. Certainly any responsible investment banker who is expected to distribute a new issue will require a good deal of information calling for legal, accounting, and other services, which are undoubtedly costly to the issuer.

To help in lessening the expense of filing and to expedite the processing, the SEC has published guides for the preparation of registration statements and the staff of its regional and branch offices is available for assistance in their preparation. The 1968 Annual Report of the Securities and Exchange Commission indicates that when allowance is made for differences in the yearly volume of registrations, the SEC has accelerated the processing of registrations in recent years.

The opponents of liberalization of exemptions point out that a regulatory agency like the SEC must not only be sensitive to the needs of small business in raising capital from the public but also to the fact that a minimum disclosure of information is necessary to maintain the confidence of the general investing public in the soundness of its securities markets. Only by contributing to such confidence can the regulation of securities facilitate the raising of equity capital by firms in all size categories.

In conclusion, it should be said that those who are content with maintaining the existing level of exemptions recognize that the

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Footnotes at end of article.

price structure has changed in recent years, but they emphasize the importance of safeguarding the principle of disclosure. Any reexamination of the question of the adequacy of Regulation A under present conditions must seek to maintain a balance between the needs of the small firm and the need for the maintenance of general confidence in the securities markets.

FOOTNOTES

*Chief Counsel, Subcommittee on Financing and Investment, U.S. Senate Select Committee on Small Business; Chairman, Federal Bar Association Small Business Committee; Member, Alabama Bar Association, American Bar Association.

This article was prepared by the author in his capacity as chairman of the FBA Small Business Committee. It should not be construed as representing the opinions or policies of the U.S. Senate Select Committee on Small Business.

[1] P.L. 85–699, as amended; 15 USC 661 *et seq.*

[2] Testimony of Bernard Boutin, Administrator of SBA, before the Permanent Subcommittee on Investigations, Senate Committee on Government Operations, August 2, 1966; 90th Congress, Senate Report 958.

[3] P.L. 90–104; 15 USC 681(c) *et seq.*

[4] S. 1213, introduced Feb. 28, 1969; Principal Sponsor, Senator John Sparkman (D-Ala.); other cosponsors, Senators Bennett, Bible, Brooke, Cranston, Hatfield, Hollings, Hughes, Javits, McIntyre, Mansfield, Metcalf, Mondale, Muskie, Percy, Proxmire, Tower, and Williams (of N.J.). See remarks of Senator Sparkman, Cong. Rec., Feb. 28, 1969, 4901–4908 *et seq.*

[5] Securities Act of 1933, 48 Stat. 74, 15 USC 77a *et seq.*

[6] 15 USC 77f.

[7] 15 USC 77j.

[8] 15 USC 77h.

[9] 15 USC 77c(b).

[10] Act May 15, 1945.

[11] 15 USC 77d.

[12] 15 USC 77c(c).

[13] S. 336, Principal Sponsor, Senator John Sparkman (D-Ala.); other sponsors, Senators Fulbright, Nelson, Williams (or N.J.), McIntyre, Mondale, Bennett, and Hatfield. See remarks of Senator Sparkman, Cong. Rec., Jan. 16, 1969, 1023–1030 upon introduction of S. 336.

THE TAX REFORM ACT OF 1969

Mr. DOLE. Mr. President, I regret that I found it necessary to vote against H.R. 13270, the Tax Reform Act of 1969.

The original purposes of this legislation were to remove the inflationary spiral of our economy without contributing to the inequities in our tax structure. The Committee on Finance sought to increase taxes for some and distribute these benefits to those who are presently paying more than their fair share.

However, after the Senate finished with with the committee bill, the $6 billion surplus the committee bill provided for fiscal 1970 was changed to a projected deficit of $10,650 billion, increasing to $12 billion by 1971.

While all Americans are interested in tax reduction, such a deficit will serve only to increase the inflationary pressures in our economy. On June 30, 1968, the national debt was $350.7 billion; by November 20 of this year, only 17 months later, it had increased to $369.5 billion. Because of this practice of fiscal insolvency, we have seen the cost of living rise at the rate of 6 percent last year with only initial indication that the economy may be cooling. Last year we had a 6-percent increase in the cost of living, and for each 1 percent increase, $5 billion is added to the cost of consumer goods.

The raise of $200 in personal exemption to $800, while attractive in the short run, would alone create a revenue loss of $3.4 billion in fiscal years 1970 and 1971. The effect of this increase in the personal exemption means that Senators who are at least in the 50-percent tax bracket will get $400 in tax benefits for every exemption they have, while individuals in the 15 percent tax bracket get only a $120 benefit.

Tying a 15-percent social security increase to tax reform was clearly motivated by political consideration. With the increase in living costs, it is apparent there must be an increase in social security benefits. But the country cannot afford a 15 percent jump plus an increase in the minimum payment from $55 to $100/$150 a month. President Nixon's proposed 10-percent increase in social security benefits coupled with an escalator provision for future increases in the cost of living and a greater allowance for outside earnings would be a much sounder approach.

Mr. President, inflation must be checked, and tax reform is long overdue. I am hopeful the House-Senate conferees will take the positive sections of the two bills and reach an agreement that will meet our original objective and not necessitate a Presidential veto. As the President stated in his news conference on Monday, he will not sign a bill which would reduce "taxes for some of the American people" but raise "the prices for all the American people."

CHARLESTON, S.C., PROGRAM TO ASSIST UNEMPLOYED AND UNEMPLOYABLE

Mr. HOLLINGS. Mr. President, in Charleston, S.C., a remarkable program is underway. It is designed to assist unemployed and unemployable people in Charleston County to locate and maintain permanent employment and to assist these people to attain updated mobility within their jobs. The Charleston Industrial Education Center, sponsored by the Charleston County Economic Opportunity Commission and managed by the U.S. R. & D. Corp. of New York City, has developed a curriculum which consists of an intensive 10-week programed basic education course and a human resource development curriculum. The program must have "self help"; in other words, the trainees are made aware from the beginning that they will only obtain from the program what they put into it. Most of the trainees, men and women, have minimal education and are regarded as unemployable.

The Citizens and Southern National Bank of Charleston, S.C., is one of the initial sponsors of this effective program and has published an achievement analysis of the program. Because of the remarkable results of this effort, I ask unanimous consent that the report be printed in the RECORD. In addition, I ask unanimous consent that an article entitled "Dealers in People," written by Wenda Wardell, and published in the December 1968, issue of Glamour also be printed in the RECORD. I commend these articles to the Senate. I feel they demonstrate a constructive effort in assisting the hard-core unemployed.

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

ACHIEVEMENT ANALYSIS OF THE PILOT TRAINING CYCLE OF THE CHARLESTON INDUSTRIAL EDUCATION CENTER, CHARLESTON, S.C.

(Prepared by the Citizens & Southern National Bank, Charleston, S.C., December 1968)

This report was prepared by the Urban Affairs Department of the Citizens and Southern National Bank of South Carolina in conjunction with the Charleston Industrial Education Center.

While certain information contained in this report was verified with industry in Charleston, no effort was made to check each and every statement as to correctness. However, all information was taken from sources which we believe to be reliable, and it is our firm belief that this report is an accurate summary of the results of the first pilot training cycle of this Center.

Unquestionably the results of the first training cycle, by any statistic, are highly favorable if not almost unbelievable. Stated simply the result is that: Tax Consumers Become Tax Producers.

INTRODUCTION

In July of 1968, 78 men and women graduated from the Charleston Industrial Education Center. Ten weeks previous, at the beginning of their training, 40 of them had been considered "hard core unemployed," and the other 38 were stuck in entry-level jobs or were underemployed.

Ninety days after graduation, only three of the 40 unemployed at the beginning of training were still unemployed, without extenuating circumstances (return to school, continuing training in another program, health problems, entered Armed Forces, etc.).

Of those employed at the beginning of training, 20 have received pay increases. Only one person is unemployed, and two have entered training programs at an increase in pay.

These are remarkable results, especially when viewed in regard to the educational levels of the 78 enrollees when they began training: the median educational level was fifth grade; 60% of the enrollees were tested at fifth grade or lower levels. At the conclusion of the ten-week training course, the median grade level was 6.5 and 68% tested at the sixth grade level or higher.

Equally important, the trainees were given Human Resource Development (HRD) courses to enable them to relate effectively to themselves, their fellow trainees (and employees) and their instructors, and to acquire the habits and life skills necessary to find and hold a job and advance within a company structure.

The Charleston Industrial Education Center is managed by the United States Research and Development Corporation, which has achieved similar results with IECs in Laurens, Aiken and Columbia, South Carolina; Columbus, Georgia; Antioch, California; Greensboro, North Carolina; Bridgeton, New Jersey; Jacksonville, Florida; and New York City.

The Citizens and Southern National Bank is proud to have been one of the initial sponsors of the CIEC, which is operated under a contract from the Office of Economic Opportunity, a federal agency. Other sponsors are listed below.*

*Airco Alloys & Carbide, American Sugar Co., American Tobacco Co., Avco-Lycoming Charleston Plant, Charleston Development

The facts and figures contained in this analysis of the results of the first training cycle of the CIEC would seem to prove the effectiveness of the USR&D approach to developing inexpensive and efficient training and educational programs which can be adapted for use by local industry.

SUMMARY

The Charleston Industrial Education Center, sponsored by the Charleston County Economic Opportunity Commission and managed by the U.S.R&D Corporation of New York City, was established to assist unemployed and unemployable people in Charleston County to find and maintain permanent employment, and to assist people locked into entry-level jobs for upward mobility within their jobs.

The curriculum at the CIEC consists of an intensive, ten-week programmed Basic Education course, and a Human Resource Development course. Emphasis throughout the program is on "self-help"—the trainees are aware from the beginning that they will only get out of the program what they put into it, and instruction is done through small groups of from ten to twelve people.

The Center accepts as trainees men and women with minimal education (from 3rd grade) who are regarded as unemployable, either because of lack of educational skills or a tendency to remain withdrawn from what they judge to be threatening situations.

They are given programmed instruction in Basic Education (reading, writing, arithmetic) and an equal amount of training in Human Resource Development. The latter includes an understanding of how the individual relates to the community, the importance of establishing good work habits, the meaning of responsibility and loyalty and the skills to communicate effectively. In addition, the Center tries to correct the major health defects of the trainees, and gives a course in medical self-help training.

Those already employed, who wish to upgrade their educational and life skills to qualify for advancement or promotion, are accepted into the night school program at the CIEC.

Eighty enrollees were accepted for training in the first ten-week cycle of the CIEC. These were selected from 700 applicants. The remaining 620 were encouraged to apply for future training cycles and/or referred to programs, services or agencies for which they were qualified. The criteria for selection are that the trainee must have no physical or mental defects that would disqualify him for employment, and must be trainable for employment.

Of the eighty accepted, 78 graduated and two terminated training; one to accept a job, the other due to illness.

Ages of the trainees ranged from 18 to 41. Fourteen were white, 66 non-white; 33 were male, 47 female.

Three of the trainees had been leading members of a street gang that had terrorized certain areas of Charleston, and had been unable to find employment because of extensive police records and generally poor attitudes toward employment. All three are now employed by Avco-Lycoming Corporation in Charleston. The December 1968 issue of Glamour Magazine, in an article entitled "Dealers In People," tells more about these three trainees, and about the CIEC.

Prior to graduation, the CIEC trainees wrote and edited a student yearbook. They also formed an Alumni Association which has referred new recruits to the center.

Tests administered trainees to determine their comparative grade level include Gray Oral Reading Test, Stanford Achievement Test, Lorge-Thorndike Intelligence Test, and others. Although USR&D obviously does not rely on grades achieved with the testing, the procedure is used for statistical purposes.

Seventy-eight of the trainees completed CIEC and were graduated July 20, 1968. The seventy-eight were divided by race, sex, age, and status as follows:

Composition of class

Number of trainees	80
Number of graduates	78
Number female	46
Number male	32
Number white female	7
Number Negro female	39
Number white male	6
Number Negro male	26
Number of Negro trainees	65
Number of white trainees	13
Percentage Negro	82
Percentage white	18
Percentage female	59
Percentage male	41

AVERAGE AGE

	Total	Male	Female	White	Negro
Under 21	23	16	7	3	20
21 to 35	48	15	33	9	39
Over 35	7	1	6	1	6
Total	78	32	46	13	65

Marital status

Number married	33
Number single	34
Number divorced	5
Number separated	5
Number widows	1
	78

Location of trainees

Number of trainees in city	61
Number of trainees in rural areas	17
	78

The Basic Education program used was originally developed for use within industry to upgrade the academic skills of industrial employees. Emphasis is on math, reading, and verbal skills, those academic skills most needed by an industrial employee. Trainees advance according to their individual abilities through programmed instruction on tapes and in workbooks. Occasionally they work as a group when they are confronted with problems relevant to all members of the group.

All trainees are given the Stanford Achievement Test prior to the first day of training. The test is also given at the end of the program to measure achievement. Based on the test, the trainees made the following academic gains.

Grade level before training

The basic grade level of the trainees varied from second grade through eleventh grade. These grade levels were:

	Total	Male	Female
2d grade	2	2	0
3d grade	4	2	2
4th grade	20	10	10
5th grade	21	6	15
6th grade	16	7	9
7th grade	7	3	4
8th grade	2	0	2
9th grade	5	2	3
11th grade	1	0	1
	78	32	46

Grade level after training course completed

Grade levels varied from fourth grade through twelfth grade after training. The class was in the following grade levels:

	Total	Male	Female
4th grade	7	5	2
5th grade	18	8	10
6th grade	17	5	12
7th grade	15	7	8
8th grade	10	4	6
9th grade	6	1	5
10th grade	2	1	1
11th grade	2	1	1
12th grade	1	0	1
Total	78	32	46

ADVANCEMENT OF TRAINEES

	Total	Male	Female
No advancement	7	3	4
1 year advancement	48	19	29
2 years advancement	21	9	12
3 years advancement	2	1	1
Total	78	32	46

Results of training

The Human Resource Development program was developed by the U.S. Research & Development Corporation to prepare poverty level persons, most of whom have never been exposed to the requirements of industrial employment to assume the responsibilities of an employee within today's modern industry.

Emphasis is placed on "communication skills" (on improving the trainees' ability to sell themselves to an employer through written application forms and verbal interviews), and on "employee-employer responsibilities" (on making the trainees aware of what is expected of them by an industrial or business employer, and of what they can realistically expect from their employer).

In addition to making the trainee not only a responsible employee but also a responsible citizen and family member, discussions are held in areas such as consumer education, civics, and home and community life.

The ultimate goal of the program is employment or upgrading. Ninety days after graduation, placement and upgrading broke down as follows: the seventy-eight graduates are separated into those who were employed at the beginning of the program at some kind of job (domestic to machine operator), and those who were unemployed at the beginning of the program.

Graduates employed at beginning of training—38

Changed to better jobs	10
Received pay raise or promotion	10
Quit or laid off from job	1
Went into training programs	2
Unable to locate	2
No change in job or upgrading as yet	13

Analysis of those now changed to better jobs—10

Prior training, post training, and salary:	
Waitress (weekly)	$30.00
Seamstress (weekly)	64.00
Saleslady: 20 percent commission	
Saleslady (hourly)	1.60
Nurses' aide (weekly)	47.00
Inspector (weekly)	64.00
Laundress (weekly)	35.00
Marker (weekly)	46.00
Food packer (hourly)	1.15
Tobacco packer (hourly)	1.70
Domestic (weekly)	25.00
Assorter (weekly)	68.00
Janiter (hourly)	1.40
Stockman (hourly)	1.60
Laborer (hourly)	1.78

Board, Charleston Rubber Co., Courtney Elementary School, Edwards 5–10–100 Stores, H.A. Docosta Construction Co., Livingston & Haven, Inc., Mobile Chemical Co., N.C. Mutual Life Insurance, School-Timer Frocks, Inc., South Carolina Electric & Gas Co., Southern Bell Tel & Tel Co., Stein Hall Southern, Inc., West Virginia Pulp & Paper Co.

Analysis of those now changed to better jobs—10—Continued

Prior training, post training, and salary—Continued	
Machine operator (hourly)	$2.25
Janitor (weekly)	22.50
Laborer (weekly)	64.00
Domestic (weekly)	20.00
Seamstress (weekly)	64.00

ANALYSIS OF THOSE RECEIVING PAY RAISES—10

	Training	
	Prior	Post
Male (per hour)	$1.84	$2.14
Do	2.90	3.25
Do	1.84	2.14
Do	1.60	1.90
Female (per week)	35.00	40.00
Female (per hour)	1.40	1.50
Female (per week)	30.00	33.00
Female (per month)	200.00	224.00
Female (per week)	50.00	56.00
Female (per hour)	1.20	1.40

Two other graduates who were employed at the beginning of CIEC training, enrolled in advanced training programs and realized increases in salary—from $43.00/month as a part-time secretary to $64.00/week and from $25.000/week as a domestic to $64.00/week.

Forty graduates were unemployed at the beginning of training. The Center evaluated their employment progress ninety days after graduation.

Graduates unemployed at beginning of training—40

Now employed	25
Were employed but lost job due to lay-off or termination	4
Unemployed as of yet	4
In training programs	4
In high school (dropouts who returned)	1
Unable to locate	1
In U.S. Army	1

Analysis of those graduates now employed—25

Male—Warehouseman (hour)	$2.35
Male—Janitor (hour)	1.15
Male—Materials handler (hour)	1.98
Male—Wrapper (week)	50.00
Male—Warehouseman (hour)	2.65
Male—Stockman (hour)	2.28
Male—Rug installer (hour)	1.68
Male—Technician (hour)	1.70
Male—Inspector (hour)	2.11
Male—Materials handler (hour)	1.98
Male—Materials handler (hour)	1.98
Female—Tobacco worker (hour)	1.70
Female—Record clerk (hour)	2.11
Female—Tobacco worker (hour)	1.70
Female—Domestic (week)	40.00
Female—Painter's helper (hour)	1.25
Female—Bench operator (hour)	2.11
Female—Bench operator (hour)	2.11
Female—Seamstress (hour)	1.60
Female—Clerk (hour)	1.44
Female—Stock clerk (hour)	1.60
Female—Cashier (hour)	1.60
Female—Floor helper (hour)	1.70
Female—Saleslady (hour)	1.60
Female—Bench operator (hour)	2.11

Of the remaining 15 graduates, four were placed and then lost their jobs due to industrial lay-off or termination; four others enrolled in advanced training; one entered the Armed Forces and one returned to high school. Only four of the forty trainees who were unemployed at the beginning of training were unable to find work.

NOTE.—We would like to mention the extreme difficulty in finding employment for women in Charleston. The South Carolina Employment Service has informed us that there are four to five thousand applications on file from women seeking work in Charleston.

Percentage figures on employment as of November 4, 1968

As set forth previously in this report, we divided CIEC graduates into two main groups before evaluating their progress: those who were employed at the time they began the training program and those who were not employed at that time. The following figures are broken down in relation to the two main groups for the sake of clarification and consistency.

GRADUATES EMPLOYED AT THE TIME THEY ENTERED TRAINING

Status	Number	Percent
Total graduates	38	
Unable to contact	2	
Statistical universe	36	100.0
Changed to better jobs	10	27.8
Received pay raises or promotions	10	27.8
In training programs [1]	2	5.6
Laid off, quit, or terminated	1	2.8
No change in job or upgrading	13	36.0

[1] It should be noted that the graduates attending training programs are being paid $1.60 per hour to do so.

GRADUATES NOT EMPLOYED AT THE TIME THEY ENTERED TRAINING

Status	Number	Percent
Total graduates	40	
Unable to contact	1	
Statistical universe	39	100
Employed	25	64
Employed but quit, laid off, or were terminated	4	10.3
Unemployed	4	10.3
In training programs	4	10.3
Returned to high school	1	2.6
Drafted	1	2.5

GENERAL CONCLUSION

Unquestionably the results of the first training cycle, by any statistic, are highly favorable if not almost unbelievable.

The fact that 40 unemployed people were developed into acceptable manpower is significant and worthwhile. This seems to substantiate a high potential in the Human Resource Development phase of the project.

The total funding for the project was $104,000. The graduates will have an approximate increase in annual income of $107,000 and will pay the state and federal governments an additional $16,000 per year in taxes, an approximate 15% return on investment.

Not included in these figures was the cost to the state, prior to training, of maintaining the unemployed people and their families—a further saving to the community.

The goal of the center was to move a person off relief rolls or from unemployment—through training—to being an active, employed citizen who pays his fair share of taxes or to upgrade underemployed people. It seems clear that this goal has been achieved.

Stated simply: *Tax Consumers Become Tax Producers.*

[From Glamour, December 1968]

DEALERS IN PEOPLE

(By Wenda Wardell)

Shedrick Hutchinson and Robert Wine are from Charleston, South Carolina. Shedrick is nineteen, tall, with an easy smile, close-clipped Afro hair, a tuft of beard under the curve of his chin. Robert, twenty, wears his hair longer, in a thick wiry brush. Everything about Robert looks narrow: narrow face, narrow body, narrow mild eyes, a spare controlled way of moving. Shedrick and Robert are leaders of the Jackson Street Panthers.

It is the end of July. Ten weeks ago, in May, Shedrick's Panthers ran their neighborhood with a tight hand. They could be counted on as a news item; at one point the gang was in the paper every day for a week straight. Rumor had it that the police didn't go into the neighborhood without permission.

Ten weeks ago Shedrick and Robert walked into the Charleston Industrial Education Center. They were in T-shirts and jeans; Shedrick bragged of carrying a gun and demanded to be called Boombam. Tomorrow, in sport jackets and ties, they will go to Avco Lycoming to apply for jobs.

The Charleston Industrial Education Center (CIEC) part of Charleston's Office of Economic Opportunity (OEO) program, is on the second floor of a mini shipping center—in a rundown section of Charleston. Every three and a half months the CIEC takes eighty of Charleston's hard-core unemployed and underemployed—people who because of no skills and no confidence cannot get or hold jobs or are locked into low-level jobs—and helps them make the same about-face that Shedrick and Robert have. Behind that turnabout are the new skills the students have learned. More than that—and this is where the CIEC program differs, successfully, from any others—CIEC changes, through planned group works, the expectancy of failure that their enrollees have. When the students are convinced that they are employable, businessmen can be convinced as well.

There are a few other centers across the country with the same philosophy that CIEC has. They are all run by one corporation, the United States Research and Development Corporation, always referred to by its employees by its railroadlike initials—USR&D. USR&D runs the Charleston center, hired by Charleston's OEO. The corporation is involved in what its president, Robert Clampitt, calls "a nutty variety of things": training centers like CIEC, Projects Headstart, hospital outreach programs, employment centers, schools. All the programs deal with what Mr. Clampitt calls "the central problem of the American poor: self-deprecation."

At the CIEC there is, first and last, George Anderson, director. His personality spills over into every part of it. He is a big broad-shouldered black man with a bigger stomach; he carries his weight with a kind of inexorable balance whether he is walking or teetering back in a chair or underlining points with controlled flat chops at the air. He is a dealer in people and he knows it and uses his personality like a weapon. He is intense; he meets you almost belligerently, eyes expressionless behind squares of yellow glass, pushes you skillfully, almost unconsciously, offguard, then pounces with determined warmth, leaving you disarmed, charmed, a little proud—of survival, of friendship.

Shedrick comes to the door of George's office, wearing twins to George's yellow sunglasses. George grins ferociously. "Hey man, you going to get that gig tomorrow?"

"Yeah, man," says Shedrick easily. He turns his back but stays at the door, pounding the frame gently; his voice comes not so easily. "I sure hope I get that gig."

"What do you mean 'hope'?" George pounces on the word and drawls it out nastily. "What do you mean 'hope' you get this gig? You have your application filled out?"

"Oh, yeah."

"Your resume? You know what you want to do? What you're going to wear? What you want to ask?" The questions come faster, the answers a suppliant choric response. "Well?"

A pause. Shedrick's face takes on the expression you felt moments before on your own. "Guess I'm going to *get* that gig." He grins and is gone.

In the hall outside George's office Alfred Wright and Margaret Jackson are talking.

Alfred is a staff member. Margaret graduated from the center last week with Shedrick and Robert. At the moment she is so excited she has to sit down before she can talk to Alfred properly; she has just come from an interview at a dry cleaner where she was offered a job. Margaret, a shy young woman in her twenties, has never held a job before. "So I guess I won't go on the interview at Avco tomorrow," she finishes, pleased and yet . . . Avco Lycoming is an important industry in Charleston; one of their executives has spoken several times at CIEC. It means something to work at Avco.

"Why not go there?" Alfred asks.

Margaret looks at him bewildered.

"Why not go there too? See what they offer you, take the best job you get."

Alfred is matter-of-fact, respectful of Margaret herself, who has earned a chance at two jobs. Margaret looks at him a long moment; then his respect catches on and she flushes a little, proudly, echoing him: "Why not? Why not try for two jobs?"

Alfred is about Shedrick's age. He was a bellboy at Charleston's Holiday Inn when he met George Anderson and the staff who were training here. "I figured they looked like big people, I wanted a piece of the action." When Alfred says something outrageous his voice is bland; he glances sideways and grins, choking it off when his listeners are onto the joke. When he is with the students at the center, most of whom are about ten years older, he does not seem to have an age—he is serious, straight-backed, commanding and respectful all at the same time. Robert Toporek is a Viet vet, a redheaded stockier version of Steve McQueen. Beverly Brown is a slender girl with enormous eyes, a beautiful unflappable serenity. John Mansager is an ex-Peace Corpsman with brilliant pale eyes, a sharply planed face, broad high cheekbones—an arresting, dramatic face; John once toyed with being an actor and still finds a trained voice useful "in outshouting your wife." He used the Peace Corps as a time-out, came back to find his college major of English lit, "not very relevant."

A mix of people, but it is their common qualities that come across: the unfrantic honesty with each other; the refusal to accept masks—your own or theirs. You can ask about or comment on anything a staff member does and expect the same of them before you have even mastered their names. John will say it incisively; Beverly in a gentle unworried voice; Robert will take two colorful paragraphs. But any of them will give you feedback.

George is pleased to have this quality of his staff picked up: he put it there. It is a specific training developed by Mr. Clampitt and USR&D's chairman, Bill Haddad. They both worked under Sargent Shriver in the Peace Corps; the USR&D training program is based on the one they developed there. Now, while Robert Wine and Shedrick are in John Mansager's office, helping to finish the class year-book, George and his staff are in another room, training the staffs of two other centers.

The room is small, with barely enough room for the chairs and couches wedged around it—in a circle, so that each person can see all the others. Behind one huge worn armchair is a Pepsi machine.

It begins quietly enough. There has been a block party in Shedrick's neighborhood and they all attended. Some of them may have been the first whites to have gone into Panther territory safely. Everyone wants to discuss it: how they felt, how the people there reacted, the shy warmth of the children, the way Shedrick and his Panthers maintained order when a few months before neither party nor order could have been attempted. Gradually the talk sifts into a silence that stretches until George says abruptly, "Billy, when are you going to stop trying to fool us?" Billy has been the holdout of the group—telling his own reactions to others quickly enough but sliding away from comments about himself. Now George has directed everybody's attention to him; the group takes a collective deep breath and begins the evening's work. They will spend the next six hours in this airless room; it will fill and over-fill with cigarette smoke until their eyes burn with it; the only breaks will be occasional mass raids on the Pepsi machine.

At first the session drags. Billy is asking each person in turn to tell his reactions to him—their feedback. The comments seem niggling, far from any point, and the silences between them are long. Then gradually a pattern begins to show: the silences are another weapon to bring against Billy, whose crime is the mask he has put up between himself and the others. To crack that mask George is frankly insulting, contemptuous, bored by turns. As soon as the silences begin to be a relief to Billy he lashes out again. Billy's defensiveness becomes panicky. He retreats like a snail. The pace quickens. The whole group begins to empty out their reactions: some specific incidents, some the instinctive likes and dislikes that would formerly have been too immediate, too subconscious, too impolite or impolitic to mention.

It is a motley circle of people: George's staff, another Viet vet, an ex-airline stewardess, other ex-Peace Corpsmen. There are people who worked in the Kennedy campaign, people from Vista, from the Job Corps, a young man who "went down to the ghetto to tell them how they were being put down, and man, they knew!" and began looking for a way to get them out, former schoolteachers, laundrymen. Now they are bent forward with identical concentration, learning, as George's staff has learned, that single-minded concern with how people work.

Billy breaks. It seems inevitable with the weight of all those wills focused upon him. He admits, he who had prided himself on his cool, that he has faked it all, that he is in fact afraid, that he needs the help of the group, help only to help himself—help that will come, he knows, in the form of wincing comments if ever he tries to fool these particular people again.

"Man, I see it all now!" Another young man jumps up, faces Billy. He is stuttering in his excitement. "Man, I'm just another one of you and I never saw it till this minute. I knew you were a slickster but you weren't going to slick me. Now I see why: I mean, I'm a jive dude, I know another jive dude when I see one. I mean birds of a feather and all that action."

George drawls nastily, "And that's the first honest thing I've heard you say."

"Well, I didn't see it till just now."

"Wouldn't see it."

"All right, wouldn't see it."

"And there's no point in trying to slick us anymore, is there? We knew you were a jive dude all along."

Catharsis is in the air and it is an exhilarating feeling—it reminds you of the compulsive confessions you've made, confessions followed mostly by embarrassment and avoidance. You hold back, fearing the same aftertaste.

Suddenly, Robert Toporek says it for you: "I keep wanting to get involved but in my mind—well, you just don't *think* about being involved with a job. I *feel* that I should. I guess that's half of it. When it gets up to 51 percent I'll be ready to accept it and put my change on it. But I do feel"—he turns to Billy—"at this moment I feel we are being straight with each other. I feel that we are being real."

Billy's eyes, which have focused on the floor all night, lift in nervous butterfly movements to meet Robert's. He doesn't say anything. No one says anything. The silence is heavy, fatigued, comfortable, unlike the restless ones which have gone before. It is three o'clock in the morning and the session is over.

When you mention your misgivings to George he is quick to point out the error. "We are not idealistic or hypothetical. Your reactions to people are real and you take them into account whether or not you mention them. Society is based on reactions. We are just recognizing that fact and making those reactions work for us. Attitudes are our business."

George Anderson is a USR&D executive. A USR&D executive going into a community to set up a training center has all the independent headaches and fun of anyone setting up a small business: finding clientele, setting up power bases, hiring and training employees, seeing results. But there are differences: he is part of a corporation, and his business is people. USR&D mixes public concern and private enterprise. Whatever the program, they send in some of their own people, hire other local people—all trained in the same way.

It is the training which George has been conducting, forcing the trainers-to-be to communicate with each other in order to teach them to communicate with their groups. With each other they will be brutally frank. With their groups there is little of this directness, but they have been put on the alert to what people hope to hide; they can now respond effectively to what has not been said. This trained summing up of the feelings of a group is important because CIEC does not impose training on its students; it helps the students change as they want to change. "We're just another member of the group," Beverly Brown explains. "We work from their values. They know some things, we know some things."

This one-two punch—assessment of the group's feelings and respect for them—creates pride and ambition in an amazingly swift time. Three weeks after he entered the CIEC building Robert Wine wrote, "Before I found out about the CIEC, I was laying around on the corners. I am proud of being a part of CIEC. . . . The Monitors, as they are called, are real down with people with this thing. I go for the way they treat [us]."

By that time Shedrick and Robert were completely involved in the work of the Center. They were waiting in the morning when the building opened; they stayed long after class to work on the class paper, to help John Mansager develop film, to talk in spare minutes to George. Neither missed a class. Robert won the Outstanding Student Award; Shedrick was nominated for president of the Alumni Association. But now they must find jobs—that was the point of CIEC, after all—and they are beginning to realize that their new pride is a yearling thing that has been founded and fed in this building. When George is in the room their eyes go to him often for reassurance. Shedrick writes in last-minute stage fright, "I think that CIEC means a whole lot to me, but sometimes I just want to be left alone, with no worry in the world. But I think I am being a fool . . . I have this feeling I can do a thing very well, but it is mostly when I am in class. . . ."

The big day begins at 7:15 in the morning in front of the CIEC building. Eight students—four girls, four men—will be going to Avco, a large industrial plant with many military contracts. Two teachers are driving them to the eight o'clock appointment at Avco, a half-hour drive from Charleston. If they get the jobs, of course, they will have to find their own way.

It is a beautiful drive, most of it outside the city, through thickly green summer country. A silent drive. Everybody has a lot on the line, and everybody is thinking about it. For some it will be their first interview, their first job. (Margaret Jackson went through that yesterday, she is the calm one today.) The teachers are nervous too: many of their students hear of CIEC by word of mouth; if the word is bad, their usefulness is gone.

Shedrick looks impressive in a deep mustard sport jacket, a pale yellow shirt, yellow sunglasses, like George's, a shadowy patterned gray silk tie and handkerchief like the set a teacher was wearing the day before. His way of moving suddenly looks jaunty instead of abrupt.

Herbert Herold, supervisor of training at Avco's Charleston plant, a benign bulldog of a man, greets the two cars of CIEC people. He has been to the Center to speak to them before, he knows them by name. He tries to put them at ease. (Avco has a great softball team, at the moment short of pitchers. Does anyone pitch?) It doesn't relieve the tension. They sit rigidly until he says, "Well, shall we get to it? Who wants to be first?" Then each of the eight leans back, looks from face to face, shuffles feet, returns to his rigid pose. Finally Shedrick gets up, follows him from the room.

It is a triumphant band of students that bursts into the CIEC building a few hours later. They all—would you believe *all!*—were hired, and Robert Wine starts the very next Monday! They are high on the same breathless excitement Margaret felt yesterday. (She is matter-of-fact: "Oh, I guess I'll take the Avco job. It pays better.") How was Shedrick's interview? He asked me to take off my shades" he said sheepishly. Anything else? "Asked me about the Panthers. I listed us under clubs. He asked me were we selective. I said no, just neighborhood." Robert Wine can now tell you the chain of command up past foreman to supervisor, qualifications at each level, possible on-the-job training. Congratulate him and he puts out his hand with pride and shakes yours firmly. Next Monday he becomes a taxpayer.

CRIME RISE IMPERILS COUNTRY—DISTRICT OF COLUMBIA RATE EXCEEDS NATIONAL AVERAGE—CRISIS PROBLEM MUST BE SOLVED

Mr. RANDOLPH. Mr. President, shocking information comes today with the reading of the front page of the Washington Daily News in its coverage of the Federal Bureau of Investigation crime statistics.

I ask unanimous consent to have the article by Wilson Morris printed at this point in my remarks.

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

FBI: DISTRICT CRIME RATE WORSE THAN EVER

(By Wilson Morris)

The District tightened a fearful hold on its claim as the nation's per capita murder and robbery capital in the January–September FBI crime statistics released today.

The District recorded a murder for every 3,815 residents and a robbery for every 88 people. Among other major cities, New York had a murder for every 4,864 people and a robbery for every 172. Chicago had a murder for every 6,743 and a robbery for every 230. Detroit had a murder for every 5,363 people and a robbery for every 139.

Murder here jumped 56.2 per cent, from 128 in the first nine months of last year to 200 for the same period this year. Robbery rose 53.7 per cent, from 5,633 to 8,656 to give the city fifth rank nationally in both categories.

Only New York, population 7.7 million in the 1960 census; Chicago, 3.5 million; Los Angeles, 2.5 million; and Detroit, 1.7 million, had more murders and robberies, lot less when related to the total number of people in the community. Washington, with 763,000 people, were ahead of Philadelphia, 2 million; Baltimore, 939,000; Houston, 938,000; and Cleveland, 876,000.

Rapes, in which the District ranked 12th among cities over 100,000, rose 41.5 per cent, from 183 in the first nine months of 1968 to 259 in the same period this year. Aggravated assaults climbed 11.7 per cent, from 2,316 to 2,687; burglaries rose 22.6 per cent, from 13,350 to 16,367 and larceny over $50 leaped 51.6 per cent from 5,503 to 8,345. Auto thefts declined from 8,219 to 8,115.

Nationally, total crime was up 11 per cent with violent crime rising 12 per cent and property crimes going up 10 per cent. Murder was up 9 per cent, rape 17 per cent and robbery 15 per cent.

In cities in Washington's 500,000 to 1 million population class, total crime rose 15 per cent, violent crime 22 per cent and crimes against property 14 per cent. Murder rose 16 per cent, rape 39 per cent, robbery and aggravated assault 22 per cent each, burglary 10 per cent and larceny 19 per cent.

The Northeastern states had a crime increase of 8 per cent while the North Central states recorded 13 per cent, the South 11 per cent and the West 10 per cent.

FBI Director J. Edgar Hoover said firearms were used to commit 65 per cent of all murders and 23 per cent of the aggravated assaults. Serious assaults with firearms rose 11 per cent.

Street robberies, which make up more than half of all robberies, were up 18 per cent, home robberies, 22 per cent; chain store robberies 20 per cent; business houses 7 per cent and service stations 8 per cent. Bank robberies dropped 4 per cent.

Suburban crime rose 11 per cent, matching the total rise for the nation. Murder in suburbs was up 9 per cent, rape 14 per cent, robbery 12 per cent, assault 12 per cent, burglary 3 per cent and larceny 11 per cent.

In Alexandria, according to the report, murders decreased from 10 to six; rapes rose from 20 to 38, nearly 100 per cent; robbery dropped from 204 to 195; assault from 286 to 264, burglary from 964 to 829 and larceny from 995 to 918.

Arlington had the same number of murders in both periods, 5; rape dropped from 32 to 20; robbery from 105 to 77, assault from 106 to 59 and burglary from 1,210 to 1,007. Larceny rose from 1,255 to 1,565.

Mr. RANDOLPH. Mr. President, this crisis causes concern to millions of Americans. This tragic condition presents a mounting problem which must be solved. Members of the Congress, and the leaders of the administration cannot delay the remedies which must be instituted if we are to reverse the trend which makes America a nation of brutality, robbery, rape, and murder.

I commend the News for its continuing crusade in focusing attention on this critical—yes, this overriding challenge—for all those citizens who are determined to bring an end to the disastrous road to ruin on which we are now embarked.

SCHOLARSHIPS CREATED BY PFC. CHARLES FLOYD TYSON III, SOUTH BAY, FLA., KILLED IN ACTION IN VIETNAM

Mr. GURNEY. Mr. President, I invite the attention of Senators to an incident in the Vietnam war which deserves wider attention than it has received. In the overall picture, I suppose it is a small incident, but it has elements of tragedy and selflessness and generosity which make it unusual.

On June 21, 1969, Pfc. Charles Floyd Tyson III, of South Bay, Fla., was killed in action at a combat base called An Hoa, in Quang Nam Province, in Vietnam. Private Tyson was struck by enemy small-arm fire while his company was moving through heavy, rugged, mountainous terrain on a search and clear operation. Although medical attention was administered to him as quickly as possible, Private Tyson died of his wounds at approximately 3 p.m. on that day. He was 18 years old.

Shortly before his death, Charles had written home to his father, Leonard Tyson, that he had a premonition of death. He had executed a will which directed that his GI life insurance proceeds should be used to create two scholarships at the high school which he had attended, the Martin County High School. He directed that the scholarships, $1,000 each, be awarded to a boy and a girl from the 1970 graduating class for college expenses. He also left $500 for a plaque for the high school to be dedicated to the young men from the area who had died fighting for their country in Vietnam. The plaque will list the dead and will bear the famous words of Nathan Hale:

I only regret that I have but one life to lose for my country.

Last month, Charles' father, Leonard Tyson, a retired Army careerist, addressed more than a thousand pupils at the high school and read to them part of the young Marine's last letter home.

There is very little we can say to comfort Charles' parents over their great loss. Charles' last will, I think, is the measure of the boy and indicates his generosity, his decency, and his concern for others. Charles' parents can take great comfort from the knowledge that their son gave his life in the service of his country. His bequest of a scholarship fund reflects great credit on them as parents and they can be properly proud of him.

His life was too short: the circumstances of his death and his generous last testament indicate what a fine young man we lost when Charles died. As we mourn his tragic death and try to comfort his bereaved parents, we should remember his wonderful example. It should be reassuring for us to know that our country still produces men like Charles Tyson. Our country is richer because Charles Tyson lived here for 18 years.

PROTECTING THE RIGHT OF CITIZENS TO VOTE

Mr. BAYH. Mr. President, yesterday President Nixon proclaimed December 11 to be Human Rights Day, next Monday to be Bill of Rights Day and this week to be Human Rights Week. In doing so he called on America to provide an example "that will point the way in the struggle to promote respect for human rights throughout the world." He urged Americans to rededicate themselves to the task of "assuring to every person—regardless of his race, sex, creed, color, or place of national origin—the full enjoyment of his basic human rights."

It is ironic and shocking that at the very moment the President was proclaiming his concern for human rights, he was leading the administration forces on the floor of the House of Representa-

tives to strike a blow against one of the most basic rights of citizenship in a democracy—the right to vote.

Until 1965 millions of black Americans were consistently denied the right to participate in our democratic system by helping to choose those who represent them in local, State, and Federal Governments. Passage of the Voting Rights Act of 1965 has enabled more than 1 million black citizens to participate in our democracy for the first time.

Yesterday, by passing the administration-sponsored amendments to the Voting Rights Act, the House placed in jeopardy the rights of those who have voted since 1965 and raised substantial doubt as to further progress in extending the franchise to other citizens who are now denied the right to vote.

The administration bill passed by the House reopens the door to discrimination against our black citizens by those who would impede their efforts to register to vote.

The Voting Rights Act of 1965 required the States to clear any changes in voting laws or procedures with the Department of Justice. The burden was on the State to prove that the changes were not discriminatory. Under the administration-sponsored bill the burden of discovering and providing discrimination would be shifted to the Federal Government.

Moreover, the administration bill passed yesterday by the House would extend coverage of the act to all 50 States. Thus, for two reasons, the burden of the Justice Department will be significantly greater.

However, Assistant Attorney General Jerris Leonard, head of the Civil Rights Division of the Department of Justice, has stated on several occasions that his division is already overburdened and has difficulty coping with its current workload. In addition, Attorney General John Mitchell has said there will be no additional staff available to enforce voting rights provisions of the Voting Rights Act.

This would unquestionably dilute the ability of the present Justice Department staff to enforce its provisions.

Apparently the President has little understanding of the times in which we live. Increasing numbers of our citizens are concerned about the very foundation of our system of government and the ability of its institutions to respond to the demands of today. Because of a lack of faith some have opted out and sit on the sidelines, frustrated and unwilling to lend their talents and their efforts to working through the system to meet the challenges we face as a nation and as a people. Some have become so hostile they are bent on destroying the system because they believe it cannot be reformed.

Concerning this most basic of all rights in a democracy—the right to vote—there should be no controversy. If the Government can assure all of its citizens the right to vote and the free exercise of that right, then the citizens themselves have the opportunity to redress grievances. Without the right to vote they are arbitrarily excluded from the political process and we should not be surprised if they express their grievances in ways distasteful to us all.

The President is to be congratulated for his expression of concern for human rights in proclaiming yesterday Human Rights Day and this week as Human Rights Week. Unfortunately, his deeds and those of his administration do not match his words.

Earlier this year Attorney General Mitchell advised a civil rights group to "Watch what we do instead of listening to what we say."

The Attorney General's point is well taken. What the Nixon administration has done by sponsoring the amendment of the Voting Rights Act of 1965 passed by the House yesterday makes a mockery of the pious words of the President in proclaiming a special Human Rights Day.

We in public office, above all, the President, have the responsibility to prove that the injustices and failings of the system can be corrected. When asked if the system can respond, we must answer yes and proceed to make the necessary reforms. By weakening the Voting Rights Act of 1965, the President and the House of Representatives have answered no. There is no longer room for hypocrisy and no longer time for delay in making our Government and its institutions responsive to the people. Surely the least we must do is to see that every American has the right to vote.

WOLF NEARS EXTINCTION

Mr. NELSON. Mr. President, before man has a chance to know much about the wolf, that animal may join a growing list of species that have been doomed to extinction. Ranging throughout North America and numbering two million at one time, today the wolf numbers less than 6,000 in the United States, of which no more than 100 roam outside Alaska and Minnesota.

Because of these distressing figures, the Eastern timber wolf is considered by the Department of the Interior to be an endangered species. But an endangered species can only be protected on Federal refuge areas, and the wide range of the wolf precludes adequate protection for the wolf by that means alone. There is a pressing need for strengthening our endangered species laws, and I plan to introduce a bill in the near future to accomplish this. In addition, I introduced a bill on Wednesday that would prohibit the hunting of wildlife from aircraft on Federal lands.

Clearly, there also exists a need for public awareness of the value of the wolf and its importance for the survival of man. An excellently written article appeared recently in the Milwaukee Journal. It does a commendable job of educating the public as to the real nature of the wolf. The author, Waldon R. Porterfield, describes vividly the high degree of the social organization of the wolfpack, the intraspecies population control, and the remarkable sharing and caring for fellow members of the pack.

I ask unanimous consent that the article be printed in the RECORD.

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

WOLF CRY: THE VOICE OF THE WILDERNESS

(By Waldon R. Porterfield)

The wolf, dwindling in North America, is a victim not only of man's killing of him and encroachment on remaining wilderness areas but also the big gray's own breeding habits, which constitute a form of birth control.

For more than a decade the Nelchina basin in Alaska has been a protected place for wolves and caribou so the relationship between the animals could be studied. In that period the caribou population nearly doubled to 80,000. Wolves increased from only 12 in 1953 to about 450 in 1965. Then the predators declined. With reference to this, the National Parks magazine reported: "Among the interesting scientific discoveries was further evidence that wolves may exercise some form of intraspecies population control at such high levels."

Chicago's Brookfield zoo has a timber wolf pack whose social organization has been studied.

Of these wolves Jerome H. Woolpy wrote in Natural History magazine: "The separate roles within the pack consist of the dominant, or alpha, male, the alpha female, the subordinate males and females, the peripheral males and females, and the juveniles. At some time or other, the alpha male is deferred to by all the other members of the pack. . . . He is also the principal guard of the territory and patrols around the periphery of the pack. . . . The alpha female is dominant over all the other females and most of the males. She controls the relationships of the rest of the females of the pack. The subordinate males and females, together with the alpha male and female, form the effective nucleus of the pack. The peripheral males and females are kept out of the nucleus as a result of their manifest submissiveness and low rank in the social hierarchy."

ONLY ONE FEMALE HAD LITTERS

The pack determines which animals are allowed to mate. In five mating seasons, 1960–'64 there was only one litter in the pack each year, always whelped by the same female, the father presumably the same male.

When a "peripheral" male tries to mate, the other males charge and send him scampering with his tail tucked between his legs. After being attacked repeatedly, animals on a lower scale in the pack become so cowed that even a "piercing glance" from the others is enough to keep them away from a prospective mate.

Woolpy writes that the dominant male, often preferred by most of the females, is the least inclined to mate. He may like a peripheral female who seldom is allowed to breed.

An example of this ironic situation is given in "The World of the Wolf," by Russell J. Rutter and Douglist H. Pimlott, who studied the animals in Algonquin park, Ontario. They write that "wolves are quite choosy in selecting mating partners and mutual preference is not common."

The authors note: "It may work out something like this: Female A is interested in male B, but B rejects her in favor of female C, who is trying to win the favor of male D, who is the dominant wolf of the pack. D, however, is set on female E, a pretty little peripheral wolf with no social standing. D exercises his dominant position to prevent male B from courting female C, and at the same time his attention is divided further between his interest in female E and upholding his position as No. 1 wolf. Female C prevents female E from accepting D, but female A is dominant over female C and interferes with her advances to D.

"It can happen that while D is absorbed in maintaining his dominant position over everybody, some other male mates with E.

and she may be the only one that manages to have pups. In spite of this humiliating situation, D will likely maintain his No. 1 social position and when the pups arrive will take his place as the head of the family, a father in name only."

Woolpy comments on a pack's mating habits this way: "The social system, in sum, provides wolves with a means of controlling their mating and their population. It also produces a genetic mechanism that reduces the variability within the pack but, at the same time, increases the variability between packs; thus, through group selection, this mechanism has the potential to accelerate wolf evolution."

The breeding season of wolves is limited to some two months in the winter.

By about Apr. 1 the mating instinct is quiescent for another year.

PUPS WEIGH ONE POUND AT BIRTH

The gestation period averages about 63 days. The pups are born in a den, the burrow sometimes up to 30 feet long or only 7, but averaging about 12. As many as 14 pups in a litter have been reported, but the average is five to seven, sooty brown and weighing about a pound each. There is a nursery chamber at the end of the den, which is kept immaculately tidy.

When the pups are two months old and switching from their mother's milk to meat, they may weigh 15 pounds. Meat is carried to the den in the parents' jaws or may be disgorged for the litter.

Other members of a wolf pack may help care for the young if something happens to one or both parents. At a den in Ontario the mother wolf was killed by a bear. Other pack members moved the pups to a new burrow.

In "Arctic Wild," Lois Crisler tells of sexually immature, yearling male and female wolves caring for and feeding a litter of six.

One study of captive wolves disclosed that a 2 year old female helped care for her parents' new litter by assisting in transferring the pups from one den to another, bringing food to them and "often seemed to show more concern than the mother did for their welfare."

THE WOLVES HAD A "BUTCHER SHOP"

At the Brookfield Zoo the care of a weaned litter was assumed by an unmated female.

In the wild a large wolf can eat 18 pounds or more of fresh meat in one meal. Dens were once found in an area where a well padded trail led to a combined wolf "barn" and "butcher shop." Three live horses and the remains of eight others were found in a winter "yard" where the horses had been trapped by heavy snow. The wolves had killed the horses only as they required the meat.

"Documented accounts of evidence that wolves attack or threaten men in North America are extremely rare," according to the authors of "The World of the Wolf."

There is, however, much evidence that the wolf fears man—and with ample reason.

The wolf once ranged from central Mexico north over almost the entire United States, Alaska and Canada, his numbers estimated at probably more than two million.

However, man did not take kindly to raising livestock for wolf rations. Massachusetts declared a bounty on the animal as early as 1630. As the war against the wolf continued, the big gray almost vanished east of the Mississippi river. For example, the last recorded wolf kill in Connecticut was in 1839.

There are token wolf populations in Wisconsin and Michigan. Lobo now is protected in both states. There are an estimated 300 wolves in Minnesota and a few in remote areas of some other states.

WOLVES AND MOOSE ON ISLE ROYALE

On Isle Royale in Lake Superior there is a pack of 25 living off a herd of 900 moose. This has been called a "classic example of biological control."

A study started in 1959 showed there were 16 wolves on the island then and the same number when the survey ended in 1961, "although the wolves were completely protected and there was an abundant food supply."

Efforts of naturalists to save the swiftly vanishing species were described recently in an NBC–TV special, "The Wolf Men," seen here on channel 4.

There are an estimated 5,000 wolves in Alaska, where there is a $50 bounty and the animals are trapped, hunted with airplanes or poisoned.

Celia M. Hunter, writing in the Alaska Conservation Review last year, said, "We need widespread education as to the true nature of the wolf and its place in the scheme of things. To make the public aware that the wolf has a value of and for itself, that it is a highly intelligent social animal, with a structured family life and shared responsibilities for raising and educating the young, that its continued survival is of importance to man, we need factual knowledge, widely disseminated."

At the rate the wolf is disappearing from the wilds, there could come a day when the last free big gray lifts its head in eerie wail in a forest night, to be answered only by silence.

NEW ENGLAND OIL IMPORT PROGRAM

Mr. MUSKIE. Mr. President, it has been a year and a half since the port authority of the State of Maine applied for a foreign trade zone at Portland, Maine, with a subzone at Machiasport. That application has stirred up controversy because the port authority intends to operate the Machiasport subzone to encourage the construction of one or more oil refineries. The purpose of the Machiasport plan is to develop new domestic refining, capacity, particularly for home heating oil and residual fuel oil.

Residual fuel imports into the United State have increased from 800,000 barrels per day in 1964 to 1,220,000 barrels per day in 1968. The reasons for this rise can be attributed to a rapid increase in demand. At the same time, U.S. refineries have reduced their production of heavy fuel. Residual fuel is an unwanted product for U.S. refineries.

There is evidence that home heating oil is becoming an unwanted product. Refineries prefer to make diesel oil, jet fuel, and gasoline because these products are more profitable than home heating oil, and far more profitable than residual fuel. Foreign trade zone refineries specializing in the output of heavy fuel and home heating oil could thus serve to increase the domestic output of these fuels, as well as bring relief to hard-pressed New England consumers.

The controversy that flared over Machiasport started out as a controversy affecting New England. The oil industry fought our efforts to bring an oil refinery to New England. This fight eventually led to the creation of the Cabinet Task Force on Oil Import Policy. Secretary of Labor Shultz was appointed chairman of the task force, and he promptly engaged a staff of competent economists and lawyers.

As a result of the questions raised by the task force about the existing oil import program, the controversy surrounding Machiasport has spread across the Nation. More and more consumer States have come to realize the cost of the burden imposed by the oil import program.

Mr. President, this is no longer a New England fight. In recent weeks, 26 Senators representing 16 different States have spoken in opposition to the oil import quota system. Seventy-eight Members of the House of Representatives have added their opposition. Two weeks ago, a group of Governors and their representatives representing 16 States, met with Secretary Shultz to ask for relief from the high prices imposed by the present quota system. That delegation was led by the Honorable Kenneth M. Curtis, Governor of Maine.

In reviewing the events of recent weeks, it seems clear that the voice of the consumer has been heard. I would hope that those responsible for framing our new oil policy weigh very carefully any course of action which is not responsive to that clear voice.

Mr. BROOKE. Mr. President, on December 3, the junior Senator from Maine (Mr. MUSKIE) called to the attention of the Presidential task force on the mandatory oil import program a most incisive paper suggesting a solution to the inequities of our present quota system. This paper expands upon a proposal offered to the Secretary of Defense by several members of the Senate Armed Services Committee calling for a more aggressive use of foreign trade zones as part of our Nation's oil import program. I am hopeful that the members of this task force will carefully consider these points when they make their recommendations to the President.

It is absolutely clear that the present import quota system is no longer acceptable. It is, by one reasonable estimate, costing our Nation $5.4 billion annually. New Englanders are forced, through unreasonably high fuel oil prices, to pay $540 million of this total cost. We are paying 10 percent of the total cost of this program at a time when we have only 6 percent of the Nation's population. It is obvious that we are paying more than our fair share of the cost of the quota program. If, as its supporters claim, the basis for the program is national security, then the entire Nation should bear the burden equally.

The New England heating oil problem can be solved, but only through special action. Reliance on some adjustment in crude oil prices or crude oil tariffs on import levels will simply not do the job. The reason is simple: Regardless of the tariff or import level set for crude, continuing improvements in refining technology, such as hydrocracking, will enable U.S. refiners to make increasing quantities of gasoline, jet fuel, and other products at the expense of home heating oil. There simply will not be enough heating oil produced in our country over the next decade to meet demands; unless substantial new imports or substantial new supplies from domestic refiners in trade zones are made available, the price of home heating oil will continue to escalate as supply is reduced in the face of rising demand. It might be noted that industry projections show that there will be an absolute decline in the total production

of home heating oil in the next decade—not a percentage decline, rather a decline in the actual number of barrels produced. In brief, there is no other way to meet the heating oil problem than to provide more heating oil. The "trickle-down theory," advanced by some, will not work.

Further, the solution must result in lower prices to the consumer. Not only will a lower price for heating oil serve to equalize the burden of the import program, but it will be a major step forward in President Nixon's fight against inflation, which I strongly support.

The people of New England have waited a long time for relief. They have put their faith and confidence in the proceedings of this task force. The facts of our heating oil crisis have been presented clearly and forcefully by the New England Governors Council for Economic Development, and the Senators and Congressmen of our region. I feel confident that our case has been well made.

Knowing President Nixon's commitment to the fight against inflation, his commitment to the consumers of our Nation, and his desire to assure that the burden of any Federal action be borne equally by all parts of the Nation, I am very hopeful that he will recommend changes in the oil import program to meet the needs of New England.

I ask unanimous consent that a letter and the paper from the junior Senator from Maine, and an article published in the Oil and Gas Journal be printed in the RECORD.

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

DECEMBER 3, 1969.

Hon. GEORGE P. SHULTZ,
Secretary of Labor,
Washington, D.C.

DEAR MR. SECRETARY: It has come to my attention that the President's Task Force on Oil Import Controls has under consideration a plan to replace the current oil import quota system with a tariff system.

I am concerned about the high costs of heating oil in New England. I am not sure that the tariff system that you are suggesting will result in a reduction in heating oil prices. We must assume that importers of foreign crude oil that pay a tariff on the oil will produce petroleum products that have the highest price return. Heating oil is not in this category. As a result, we will either have higher prices for heating oil or less heating oil.

In this regard, I have been given a paper that discusses this problem and offers a solution involving the use of foreign trade zones. The author points out that it would be possible to provide an incentive for companies to produce heating oil by combining an oil tariff system with refineries located in foreign trade zones.

I am sending this paper to you for your information and consideration.

With best wishes, I am

Sincerely,

EDMUND S. MUSKIE,
U.S. Senator.

HEATING OIL SUPPLY FORECAST THROUGH 1980

According to a comprehensive forecast of the oil industry's refining plans for the next decade published in the November 10, 1969, issue of the Oil & Gas Journal, the volume of home heating oil manufactured in U.S. refineries is due to decline over the next ten years. Specifically, the Oil & Gas Journal article (attached) shows that middle distillates (diesel oil and home heating oil) which now account for 21% of refinery runs in the U.S., will decline to 15% by 1980. At the same time, total refining capacity will grow from 12.1 million barrels per day to 18.5 million barrels per day. So that there will be a slight volume gain in middle distillates, despite the sharp reduction in percentage yield. It should be noted, however, that diesel oil, which accounts for about one-third of total middle distillates, has been growing at an annual rate of 4.5 to 5% per year for the last several years, and this trend is expected to continue.

Thus, if one projects diesel oil growth at a compound annual rate of 5% between 1970 and 1980, the volume of home heating oil left in the middle distillate pool in 1980 will be, in absolute terms, smaller than the volume of home heating oil produced today.

The reason for the decline in home heating oil production is economic. Refiners generally expect gasoline (which is due to grow from 48% to 52%) and jet fuel (which is due to grow from 8% to 13%) to be more profitable products than home heating oil.

There are only three ways to rectify this situation and insure that there will be adequate supplies of home heating oil for the wide band of consuming states stretching across the northern half of this nation:

1. If heating oil prices are increased sharply, domestic refiners will be induced to produce more heating oil, thus altering the industry's projections. This is an unpalatable alternative.

2. If the tariff level on foreign sources of home heating oil is set low enough, imports would be encouraged to fill the gap between demand and domestic home heating oil production.

This alternative is far more preferable than the first, since a low enough tariff now only will insure that adequate supplies will be available, but also will cause consumer prices to be reduced to more reasonable levels. It should be noted, however, that this alternative would encourage continuation of an already existing trend—the construction of additional refining capacity off-shore. We would be, in short, continuing to export our refining capacity.

3. Additional domestic home heating oil refining capacity could be encouraged through the use of Foreign Trade Zones. Zone refiners could be exempt from the new national security tariff on foreign products on the condition that such refineries specialize in the production of home heating oil and heavy fuel oil rather than gasoline and jet fuel. This alternative is clearly the most preferable because it guarantees adequate supplies of home heating oil at low prices and reduces the East Coast and Defense Department dependence of foreign sources of heavy fuel.

[From Oil & Gas Journal, Nov. 10, 1969]

FORECAST FOR THE SEVENTIES—REFINING

(By D. H. Stormont)

United States refineries will need to step up their construction activities if they are to keep pace with the big boost in demand foreseen in the next decade.

The 21 million b/d demand for petroleum products in 1980 requires a domestic refining capacity of about 18.5 million b/cd. This is some 6.4 million b/cd above the expected crude capacity at the close of this year. Keeping pace thus will require building at the rate of 610,000 bbl/year.

And this is just for the additional crude capacity that will be needed. To match output with changes in product demand, older plants will have to undergo modernization. Still other building will be carried out for the purpose of replacing two or more smaller plants with one big one in order to obtain the benefits of size.

All of this should add up to almost 3 million b/d of new refining capacity under construction at all times, based on the normal 3-year period between start of design and completion of the project.

The average refinery will thus be larger in 1980 than that of today, making it more difficult for smaller refiners to compete. But as long as local supplies of crude exist, or there are small markets too distant to justify pipeline shipments into the area, major companies will still be operating some relatively small plants. And independent refiners will still be around, in heavily populated areas as well as in rural areas.

The bulk of the building during the next decade will be on the Gulf Coast. The huge new oil reserves that will be developed on the North Slope will give greater impetus to building elsewhere, however. Both Atlantic Richfield and Humble already are talking about new plants on the East Coast, and these probably will be much farther south than Maine sites now under discussion.

New pipelines into the Great Lakes area, either directly from Alaskan fields or for transporting Canadian crude now moving in the Pacific Northwest, will assure a steady growth in refining capacity there. The continued shift in population to the West Coast also assures much additional capacity there.

Insofar as refining technology is concerned, no major innovations are anticipated. Catalytic cracking will continue to be the major tool for producing motor-fuel components, even though hydrocracking will take over some of the load. If limits are placed on the olefin content of motor fuels, cat reforming, hydrocracking, and the newer hydrorefining processes will come into greater prominence than will be reflected here.

Other features of 1980 refineries, other than their larger average size, will stem from the better catalysts available then, instrumentation that permits closer control, and still longer onstream periods. Use of improved metals which better withstand high temperatures and pressures will make the latter possible.

As to catalysts, much of the research today is directed toward developing materials which can be used more like a rifle and less like a shotgun. In processes involving cracking reactions, such new catalysts not only will make for higher yields but will give the refiner greater flexibility.

The improvements won't be limited to catalysts with cracking functions. Extensive research with zeolitic types will pay off in better desulfurizing, alkylation, and hydrogenation catalysts. The recent development in reforming catalysts, involving use of rhenium or a similar metal which has promoting and stabilizing effects on the platinum, likewise could extend to other applications.

In the overall downstream processing scheme, hyroprocessing will probably be used so extensively that processing gains will almost equal losses and fuel needs. In other words, distillate yields will approach 100% of the volume of crude charged to the refinery.

This big boost in hydro-processing, particularly for olefin and aromatics saturation, is anticipated despite little hope for hydrogen costs much lower than those of today. As more and more hydrogen finds its way into refinery waste-gas streams, however, cryogenic units will find wider use for recovering the hydrogen. Thus while methane reforming costs may show little decline, recovery of the hydrogen from offgases can help reduce overall costs.

The need to add new crude capacity in the next decade is apparent (see chart). U.S. demand will move up to 21 million b/d from the 14.4 million b/d level anticipated for next year. When allowance is made for imports, natural-gas liquids, the anticipated drop in residual yields, and for a processing gain of more than 500,000 b/d, supplying this de-

mand will require crude runs of about 17 million b/cd. In terms of refining capacity, about 18.5 million b/cd will be required in 1980 as compared to the 12.1 million b/cd estimated for the start of 1970.

There is little excess capacity today—and thus that new capacity will be needed at a rate of about 600,000 bbl/year.

In 1964, when refiners still felt the effects of their overbuilding spree some 4 years earlier, the average plant was operated at the rate of 87%. By 1966 it was operating at 91% of capacity, and for the past 2 years 91.7% has been used. Bureau of Mines figures for the first 7 months of 1969 show a slightly higher utilization than in 1968, thus the average for this year should be about 92%.

This level probably is close to the maximum desirable for a yearly average. For while 92% may seem on the low side, it results in a utilization of about 96% during cold months—as was the case last February. A fire, strike, hurricane, or other disaster at only a few larger refineries could readily result in shortages. The 18.5 million b/cd capacity projected for 1980 is based on 92% utilization.

New plants under way, and those to be built in the next 10 years will be designed for different product patterns than most of today's refineries. Residual and mid-barrel heating fuels are losing out to motor fuel and turbine fuel (see chart). Thus, older plants that have not already adjusted yields in pace with this trend will have to do so if they are to remain competitive.

Light fuels—motor fuel and turbine fuel—will be the big gainers in the next decade. On top of the gain registered in the past 5 years, they are expected to move up to about 65% in 1980. The 9% gain may not seem like much of a switch in yield patterns. But translated into barrels of gasoline and jet fuels it means an additional 1.5 million bbl of these fuels in 1980. Most new plants will be designed to convert some 70–180% of the crude charge into motor and jet fuels.

In terms of output, U.S. refineries will be turning out about 11 million b/d of these light fuels at that time. Demand estimates for jet fuels vary but a commercial demand of 1.6 million b/d—almost 1 million b/d above current levels—seems likely. Armed Services needs can't be fixed but they have been running more than 600,000 b/d. Of this amount about 380,000 was from U.S. plants. Thus jet-fuel needs could easily exceed 2.1 million b/d in 1980.

Motor fuels are projected to grow at about 4%/year. Output of these fuels, excluding that coming from natural-gas liquids, will be about 8.8 million b/d in 1980. As a percent of crude, this will represent a yield of 52%.

The growth in light-fuels yields will be at the expense of the middle and bottom of the barrel. The former will decline to about 15% from the present level of 21%. This will be principally due to increased pressure from natural gas in home heating. In terms of daily refinery output, this will represent a slight gain to about 2.5 million b/d.

The drive for cleaner air, plus the relative low-selling prices received for residual fuels, will result in yields declining to 3% from the present level of 6%. This will represent a slight decline in daily production.

Actually daily demand for residual fuel oil is expected to climb by several hundred thousand barrels—as oil takes over some of coal's demand. But this will be supplied by imported materials. U.S. refiners will continue to grind almost all their residual materials into lighter products.

The other category will probably account for about the same percentage yield as at this time. Growth in the importance of petrochemical feedstocks, which now account for about 5% of the crude barrel, will be largely responsible.

The new grass-roots refineries of Mobil at Joliet; Atlantic Richfield at Cherry Point, Wash.; Gulf near New Orleans; and Union at Chicago—all of which are to have crude capacities ranging from 100,000 to 160,000—will be of the fuels type. Details of their product slates are not available but it's not likely they will match the light-fuels capability of Humble's new Benicia, Calif., refinery. This 78,000 b/d plant is producing more than 90% yield of gasoline, jet fuel, and diesel fuel. The only other major product is coke.

While not emphasizing chemicals production to the extent of some newer European refineries, petrochemicals are receiving added attention at many U.S. plants. This particularly applies to olefins production.

The trend toward use of heavier feedstocks, as Shell will do at its Houston refinery and Commonwealth is to do at Puerto Rico, are steps toward the refiner supplying higher percentages of propylene and butylenes.

Increasingly large volumes of isobutane as a by-product of hydrocracking also make for more chemicals from refineries. A thermal cracker that uses isobutane as feed was recently completed by Coastal States at its Houston refinery.

Processing routes chosen for individual refineries are influenced by type of crude, likes and dislikes of the refiner as to processes, and what the refiner individually regards as the most promising markets. As to the latter the choice may be to use the olefins for chemicals instead of as an alkylate feed, or to put aromatics into motor fuels rather than to separate them out as chemical feeds.

Some generalization can be made, however, as to the process to be used.

Catalytic cracking, at least for the bulk of the '70's, will continue to be the favored tool for producing motor fuels. On a fresh-feed basis, it is now applied to about one-third of the total refinery feed. In 1970 refineries cat cracking will probably be equivalent to 40 to 50% of a plant's crude capacity. Thus some 2.5-3.1 million b/d of new cat-cracking capacity is likely.

Catalytic reforming now is applied to almost 21% of refinery capacity. Applying this ratio to the anticipated 6.4 million b/d of new refining capacity translates into 1.3 million b/d of new refining capacity.

Hydrocracking, because of its newness, can't be projected in the same manner. Opinions vary from company to company but it ultimately may be applied to some 15-20% of the crude charge. The amount of this new capacity probably will be in the range of 1 to 1.25 million b/d.

Other hydroprocessing steps now are applied to about one-third of the crude charge. The outlook is for at least 2.2 million b/d of new hydroprocessing to accompany the new crude capacity.

Alkylation and isomerization, both relatively high cost approaches to antiknock components, will likely become much more popular before the decade is over. Should the lead content of motor fuels be reduced, alkylation capacity built will be well above the approximately 400,000 b/d that would normally be expected.

Coking will continue to be the most favored of the thermal processing routes. It still must be looked upon as a low-cost means of disposing of residual oils, but there are some developments which may make it a more economic tool, too. Among these are new routes for converting coke into carbon black, for converting it into activated carbon, and the new demand for needle coke in the form of carbon shapes to be used in spacecraft and other applications.

Actually, all of the capacities quoted should prove to be on the low side. The main reason is that they fail to take into consideration current trends, as well as units that will be installed in conjunction with modernization projects.

Cat cracking, for example, has experienced little capacity gain for the past several years—while the benefits of the new zeolitic catalyst were being absorbed. These catalysts are now in use in almost all units where it is economically feasible to do so.

As is the cast in some newer refineries, and the goal in some modernization projects in older plants, cat cracking is to be applied to a wider portion of the crude barrel. Included are deep-cut vacuum gas oils, coker gas oils which have first undergone olefin and aromatics hydrogenation, and the bottoms fractions from hydrocrackers.

The new Rhenium catalysts may slow down growth of catalytic reforming for a couple of years, as refiners cash in on the longer life, higher antiknock values, increased hydrogen yields, and other advantages they offer. The long-range outlook, however, will be for catalytic reforming to become an even greater source of octanes.

There is little question as to the steps refiners will have to take insofar as residual fuels are concerned. Tightening air-pollution ordinances require either they produce a low-sulfur product or no residual fuel at all.

The ready availability of large quantities of low-sulfur resid from Caribbean and other foreign refineries will probably result in the U.S. becoming almost totally dependent upon imports. Low-sulfur North African resids are being blended with Venezuelan and other high-sulfur resids at delivered Eastern seaboard prices well below those domestic refineries can post. Unless some development in catalysts occurs that makes it economically feasible to directly hydrocrack high-metals resids, U.S. refiners will fill an increasingly small portion of what is expected to be a growing market.

The laws have yet to be written and passed, but the odds favor stricter limits on motor-fuel composition. Lead content readily could be lowered by the late '70's. It's also entirely possible for volatility to be lowered and for the olefin content to be reduced.

None of these pose a problem from the know-how viewpoint. But they do lead to much higher capital costs and more operating expenses.

The Role of Foreign Trade Zones in an Oil Tariff System

SUMMARY

Inherently, oil refineries in Foreign Trade Zones are not compatible with the oil import quota system since they require special exemptions from the normal rules of the game. Zone refineries are far more compatible with a tariff system and should be used in combination with the proposed new national security tariff system to achieve the following objectives:

1. Construction of heavy fuel oil refining capacity in the U.S. to end the East Coast's almost total reliance on foreign sources of residual fuel and the U.S. Navy's complete dependence on foreign heavy fuel sources.

2. To promote and expand home heating oil refining capacity on U.S. soil to assure adequate supplies at reasonable prices of this product.

Administratively, Zones could be established very simply by exempting them from the proposed new national security tariff on refined products and then allowing oil operations to take place in Zones under the already existing Foreign Trade Zones law and regulations. Rules governing oil refineries in Zones can and should apply on a non-discriminatory basis to all companies—there need be no special treatment. Each oil company can decide, depending upon its own product demand pattern, whether to build additional gasoline-oriented refining capacity outside a Zone under the new tariff system

or built a heavy fuel oil refinery inside a Zone. This nation needs both types of refineries and our new oil import policy should be structured so that both types are built here at home.

HISTORY OF TRADE ZONES UNDER QUOTA PROGRAM

Under a 1965 Presidential proclamation oil refining operations in Foreign Trade Zones were made subject to specific approval by the Secretary of Interior under rules and regulations to be issued by him. Official regulations were needed since oil imported into the U.S. customs territory were limited in volume by the Mandatory Oil Import Control Program.

Inherently, Zone refineries were not compatible to the import quota system since they required official exceptions from the normal rules of the game. During the last days of the Johnson administration, two alternative sets of regulations governing Zone refineries were issued by Secretary Udall for comment. Neither of these proposed sets of rules were ever issued as formal regulations. A regulation permitting imports of foreign crude oil into Zones was issued for District V—the West Coast area including Hawaii on January 20, 1968. Basically, that regulation permitted imports into the Zone but did not cover the question of exporting products from the Zone into the customs territory of the United States.

PROPOSED TARIFF SYSTEM

The proposed preferential tariff system now under study by the Task Force has many positive features. If the tariff levels are set low enough, there should be a decline in unnecessarily high oil prices which have severely penalized industrial and individual consumers. A preferential tariff system should also bring about a more rational refinery structure with many new plants located closer to markets rather than clustered around domestic producing centers. Similarly, a tariff system, if liberal enough, should weed out high cost inefficient domestic production yet leave enough incentive for exploration of promising structures both here at home, in Alaska, Canada, and Venezuela. In sum, a preferential tariff system is a step in the right direction.

SPECIFIC PROBLEM AREAS UNDER THE TARIFF SYSTEM

There are two specific problem areas, however, that will not automatically be improved under the proposed tariff system:

1. *Heavy fuel oil production.*—Refineries specializing in low sulfur fuel oil are currently being built offshore the U.S. resulting (1) in an outflow of capital detrimental to our balance of payments, and (2) creating a dangerous dependence on foreign supplies of heavy fuel oil by the U.S. military.

Clearly, if a U.S. refiner has to pay say $1 per barrel, to import crude oil under the proposed tariff system, that refiner will not want to make any residual fuel because such fuel will have to compete with foreign source residual fuel bearing a tariff of only $.05 per barrel.

2. *Home heating oil production.*—Adequate supplies of home heating oil at reasonable prices are an absolute necessity to the consuming public in the Northeast, yet under the existing import program shortages and threats of shortages have been persistent. The tight supply situation characteristic of the home heating oil market has been caused in large part by the development of sophisticated new refining techniques such as hydrocracking. These refining processes enable a refiner to produce a higher volume of gasoline and jet fuel from a given barrel of crude oil. Heating oil production, as a consequence, has declined as a percentage of refinery runs because it is less valuable to the refiner than the higher value alternative products. Only a sharp upward spiral in heating oil prices will induce a refiner to produce more home heating oil. And, of course, it has been just such a persistent upward trend in home heating oil prices which has characterized the market place over the last six years.

Nor is there any reason to suspect that this trend will change under the newly proposed tariff system. There is, and will continue to be, a structural disequilibrium in the refining sector of the industry reflecting the economic attractiveness of products like gasoline compared to lower value products such as home heating oil.

Under the tariff system a refiner paying a relatively high tariff, say, $1 per barrel, to import crude oil, is going to want to continue manufacturing as high as possible a percentage of gasoline and as low as possible percentage of home heating oil. Only further price increases in home heating oil will change this equation and that is not a palatable alternative.

It is understood that under the proposed tariff system product imports will be limited by subjecting them to a tariff equal to the sum of the new national security crude oil tariff plus the normal tariff currently applicable to refined product imports. In the case of home heating oil if the lower preferential tariff favoring Western Hemisphere crude oil were set at say $.70 per barrel, then the tariff to be applied to imports of Western Hemisphere home heating oil would be $.80 per barrel (the $.70 crude oil tariff plus the current $.10 refined home heating oil tariff).

Currently, a tariff level on home heating oil imports of about $.80 per barrel would encourage such imports and would result in considerable consumer savings as prices were reduced domestically to reflect this incremental supply source. We would expect prices to fall between $.50–$.60 per barrel generating a consumer savings of approximately $275 million to $340 million annually.

As beneficial as these results would be, if nothing else is done there will be a positive incentive created to build more refinery capacity offshore rather than here at home. In short, we shall be still exporting our refining capacity and the jobs and industrial development associated with such capacity.

FOREIGN TRADE ZONE IN A TARIFF SYSTEM

Refineries operating in Foreign Trade Zones could be useful vehicles to encourage production of heavy fuel oil and home heating oil here at home. Zones are basically far more compatible with a tariff system than with a quota system and it is believed that properly supervised Zone refineries within the general tariff system would contribute to our security objectives, encourage the production of low pollutant, low sulfur heavy fuel and home heating oil and assist in solving the economic problems of depressed areas in certain sections of the country, particularly in the Southeast, New England, the Pacific Far West and Hawaii.

HOW ZONES COULD WORK IN A TARIFF SYSTEM

The following relatively simple steps would be all that is necessary to encourage Zone refineries:

1. Foreign Trade Zones Board, the interdepartmental group responsible for approving Zone applications, could establish guide lines requiring Zone refineries to produce certain minimum quantities of heavy fuel oil and home heating oil, say 45% and 35% respectively. It could also require that gasoline output at least in East Coast Zone refineries should not exceed say 10–15% of refinery output.

2. The Foreign Trade Zones Board in line with the general thrust of new tariff proposals favoring the Western Hemisphere, could require that Zone refineries use, say 60% Western Hemisphere crude oil supplies.

3. Zones could be exempted from the new national security tariff on refined products. This could be done by making the new higher refined product tariffs applicable only to refineries physically located outside the U.S.

4. With the above guidelines in operation, all that has to be done to make Zone refineries attractive is to repeal the 1965 Proclamation which took oil operations out of Zones and made oil a special case. In other words, allow oil to be handled like any other product in a Zone. No new rules or regulations would be required. The present regulations governing all manufacturing operations except for oil, already provide that a Zone operator can import raw material free of duty. Any exports from the Zones to foreign countries similarly are free of duty. When an operator exports products into the U.S. customs territory, he has an option of paying either the applicable raw material tariff or the tariff on finished products. The current tariff level on home heating oil is 10.5¢ per barrel and on gasoline about 53¢ per barrel. Since both of these tariff levels are lower than the assumed new crude oil tariff, say $.70–$1.00 per barrel, the Zone operator would obviously opt to pay the product tariffs.

The tariff differential favoring zones would provide an incentive for some companies to undertake construction of the kind of refinery needed both from a defense standpoint and in areas such as New England where the oil demand pattern is heavy weighted toward heavy fuel and home heating oil rather than gasoline.

All of the above suggested rules can and should apply on a non-discriminatory basis to all refineries. There would be no need for special treatment. Each oil company may then decide, depending upon its own product demand pattern whether to pay the new crude oil tariff and build a gasoline oriented refinery oustide a Zone or pay the lower product tariff and build a heavy fuel oil refinery inside a Zone.

Mr. McINTYRE. Mr. President, 1 year ago this week, Secretary of Commerce C. R. Smith dealt a cruel blow to the hopes of all New Englanders for lower home heating oil costs. Smith, as Chairman of the Federal Trade Zones Board, announced on December 13, 1968, that Maine's application for a foreign trade zone at Machiasport was too important a matter for an outgoing administration to deal with, and that he planned, therefore, to take no action on it.

Smith's announcement was a real shock to me at the time. I had been assured repeatedly in the preceding month that a decision on Machiasport would be forthcoming before the year's end.

More important, and as I indicated at the time, Smith had no authority to make the decision he did. It was true, as he suggested, that Maine's application had important implications for the long-range future of the oil import control program. But this program—then as now—was under the direction of the Department of the Interior. The Foreign Trade Zones Board, on which Smith's authority rested, had no discretion to consider peripherally related matters. The Board's enabling legislation clearly states—and Federal court decisions have held—that a foreign trade zone "shall" be granted to any qualified applicant.

My response at the time was to convene hearings of my Small Business Subcommitee to investigate this roadblock in the way of Maine's application. These hearings were successful in getting consideration of the application under way once again. For a while it looked as though action might be taken before

the Johnson administration left office. Slowly, almost inexorably, time slipped away, however, without anything happening. I was then informed, some months after President Johnson left office, that he had given an order to kill the application.

In the months since, the Nixon administration has also continued to stall. It, too, has used the excuse that an overall review of the oil import program has to be completed before a decision on Machiasport can be made.

Last spring, President Nixon promised that this review would be completed and a decision on Machiasport made "before the snow flies in New England again." Judging by recent weather reports from New England, the President has failed to deliver on this promise.

Press reports in recent weeks, indicate, however, that a decision may yet be forthcoming before Christmas. It has been a long, hard and frustrating year, but these reports now indicate that it may still prove worthwhile. The administration, it seems, has tentatively decided to scrap the present quota system for a tariff arrangement which would greatly increase the amount of low-cost foreign oil available for import into the United States. It will indeed be a happy holiday season for all New Englanders if the hopes presaged by these press reports are in fact borne out.

They will be borne out only if a liberalization of the oil import program is accompanied by the increased use of foreign trade zones. As I pointed out in a recent letter to Secretary of Defense Laird:

> By their nature, refineries located in foreign trade zones require Federal approval. Thus the Federal government is in a position to impose the terms under which such zone refineries can operate. The Government could spell out conditions which would enable them to achieve national foreign policy, defense, and economic objectives.

The important role which foreign trade zones will have to play in any viable oil import program has been reinforced by information brought to my attention in recent days. An article in the November 10 issue of the Oil and Gas Journal discusses the likely trends in our domestic oil refining capacity. It points out that the economic incentives on which nonzone refineries operate are such that a decreasing percentage of this yield will be devoted in the future to petroleum products in the mid-distillate range. This is of great urgency to us in New England since home heating oil is the largest single product in that range. The implication is clear: if market forces are left to themselves, sufficient oil to heat our homes will be produced in the future only at increasingly higher prices.

Foreign trade zones may be the only viable solution to this problem. The Government can so regulate the refineries in these zones as to give them incentives to produce the required amount of home heating oil.

Thus, on this first anniversary of Commerce Secretary Smith's cruel blow to our hopes for Machiasport, I remain optimistic that something will be done. As the article to which I have referred indicated, the need, if anything, is even greater than it was then.

Mr. President, I have joined the Senator from Massachusetts (Mr. BROOKE) in asking unanimous consent that the article published in the Oil and Gas Journal be printed in the RECORD.

Mr. PASTORE. Mr. President, we are close to a decision on oil import policy. Soon President Nixon will act on the recommendations of his Cabinet task force on oil import control. The submissions, letters, and telegrams have been presented by the hundreds for the record, many meetings have been held with supporters and opponents of the present program, and thousands of words have been written on this complicated subject. In spite of all the complications and all the arguments back and forth, the issue that concerns my State, my region, and, in fact, the whole Nation remains clear. It is a simple one—whether the burden of this program is to be borne by all the people, whether it is to be borne equally by all citizens and all States and all regions.

For 10 years, this has not been true. We in New England have borne far and away the heaviest burden, the heaviest cost of this program. We, who consume so many petroleum products, and are the highest consumers of heating oil, have been forced, by this massive program of Government control, to pay the highest prices in the Nation. The Office of Emergency Preparedness confirmed this fact in a compelling study issued only a few weeks ago. But we have known it all along, and we have said it all along; and we now demand action, answers, and relief.

The facts are: the per capita cost of the oil import program—in higher prices for gasoline, heating oil, and other petroleum products—is more than $25 per person per year. That is the national average, and it means that every family of four has $100 taken out of his pocket each year to benefit the big oil companies.

But what is the story in New England. I should like to run down the list of annual per capita costs:

Rhode Island, $35; Connecticut, $31.79; Massachusetts, $37.50; Vermont, $48.98; New Hampshire, $42.09; and Maine, $44.23.

In every State in New England, we pay not just a little bit more, but a great deal more than the national average; and when this is multiplied by 4 to measure the burden on the average family, it can be seen what I am talking about.

The people of Rhode Island pay 40 percent more—I repeat, 40 percent more—for basic products such as gasoline and heating oil. This is wrong, and something must be done about it. And something can be done about it.

All we are asking for is simple justice and simple equity. All we are seeking is a simple solution that will provide us with more heating oil at lower prices.

The people of New England have waited too long for an answer to their problems. A year ago this week, we were, by unilateral decision of the Secretary of Commerce, denied our chance for quick approval of a proposal to build a refinery in a foreign trade zone at Machiasport, Maine.

We hope that our long wait is at an end and that our proposals for relief will be accepted and approved and put into effect as a result of the study of the Cabinet task force on oil import control. A simple and direct way of solving the heating oil problem would be to provide substantial, assured allocations for the importation of low-cost home heating oil to independent deepwater terminal operators. Such a solution would combat the continuing inflationary spiral in the price of home heating oil and strengthen the competitive position of independent deepwater terminal operators, who must compete with the powerful, entrenched major oil companies.

Mr. President, I ask unanimous consent that a telegram sent to the Cabinet task force this week, relating to the impact of a tariff system on independent deepwater terminal operators, be printed in the RECORD.

To repeat: The President can provide the answer. He can do so by providing substantial additional amounts of home heating oil at reasonable prices. There is nothing difficult about this answer, and I hope he will act soon.

I can assure the Senate that we have fought too long and fought too hard, and this battle is too important, to quit now. We are in this to win, and, Mr. President, I think we will.

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

DECEMBER 9, 1969.

HON. GEORGE P. SHULTZ,
Chairman, Cabinet Task Force on Oil Import Control, Washington, D.C.:

In your consideration of tariff system as substitute for present quotas, we urge recognition of the following facts:

(a) High tariffs on finished product imports (heating oil) would provide no relief for independent deepwater terminal operators or for consumers, as access to reasonably priced overseas supplies would be very limited or non-existent.

(b) A tariff system for crude, with no provision for additional imports of heating oil, would create even more serious situation than at present. Reasons: Regardless of tariff level set for crude, continuing improvement in refining technology will enable U.S. refiners to make increasing quantities of gasoline, jet fuel and other products, and smaller quantities of home heating oil. Refiners will make more heating oil only if its price rises to level of jet fuel and gasoline.

(c) In sum, if under new program, independents are denied regular access to overseas supplies of heating oil at reasonable prices, and U.S. refiners continue reduction in heating oil output, independent deepwater terminal operators will face the same problems of high prices and competitive inequity vis-a-vis majors set forth in our Submissions to Task Force of July 15 and August 15. And our chances for survival will be dim.

ARTHUR T. SOULE,
President, Independent Fuel Terminal Operators Association.

SUMMARY REPORT ON THE SMALL BUSINESS SUBCOMMITTEE HEARINGS ON MINORITY ENTERPRISE IN THE UNITED STATES

Mr. PERCY. Mr. President, we have heard during the course of this week's hearings before the Small Business Subcommittee of the Senate Banking and

Currency Committee the most hopeful, most productive, and probably the most effective alternative to "black power." It comes not as a replacement to that concept but as an extension. It is "green power"—money power. And our initial impression formed when we scheduled these hearings on minority enterprise has been reinforced: that the real needs and best interests of all minorities will be met when there exists a full integration of minority entrepreneurs into the marketplace.

The hearings this week have certainly been among the most extensive that have ever been conducted by this subcommittee in terms of probing the reaches of minority enterprise. We have heard from struggling entrepreneurs, from Government administrators, from representatives of the private sector who have, long before the Government prodded them, put so much of their time and money on the line to work out solutions to these problems. We have, in addition, heard from educators. I must say that I find great hope in the mere gathering of such a group of experts. The public should infer the importance of black capitalism and minority enterprise now if from no other fact than that these very busy, very knowledgeable people have devoted so much of their energies toward developing minority enterprise. The subcommittee is very grateful for their assistance, as should be all Americans.

If we were to seek a single conclusion to the testimony we have heard during these 4 days of hearings—and I think there are probably many more than a single conclusion—it would have to center down on the repeated call for a national commitment to the interests of minority enterprise.

And the call to a national commitment necessarily includes a plea for a comprehensive, realistic, and effective national strategy. It is my hope that as the subcommittee develops legislation from these hearings it will keep in mind the need for such a strategy, but that we will not have to wait for the lengthy legislative process to bear fruit before the country is moved to establish a national commitment to these areas.

There has been an underlying current running through the testimony of each witness, and the current has been a real sense of urgency. I would merely remind Congress that this current extends far beyond the walls of the hearing room; it goes into the communities and hearts of millions of America's best citizens. Congress likewise must assume a commitment toward minority enterprise, thereby setting the pace for the rest of the Nation.

I commend the chairman, Senator McINTYRE, for his leadership in these hearings and for his continued dedication to the interests of small business and minority enterprise. I have personally found the sessions to be most helpful to my understanding of the specific problems of minority entrepreneurs.

PRAISE FOR MR. PACKARD

Mr. BROOKE. Mr. President, a very important and complimentary article was published in the Wall Street Journal today, praising the insight and the administrative abilities of Deputy Secretary of Defense David Packard. This article, I believe, should be of interest to all Senators.

I ask unanimous consent that it be printed in the RECORD.

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

PENTAGON POWER: INDUSTRIALIST PACKARD LOOMS LARGE IN ROLE AS KEY DEFENSE AIDE—DEPUTY SECRETARY WINS OVER GENERALS EVEN AS HE CUTS THEIR SPENDING PROGRAMS—BUT A MEMO RAISES EYEBROWS

(By Robert Keatley)

WASHINGTON.—The track record of big business tycoons who take top Pentagon jobs is far from glorious.

As Secretary of Defense, Charles Wilson (General Motors) was considered abrupt and arbitrary, Neil McElroy (Procter & Gamble) was rated indecisive. Hindsight makes some Robert McNamara (Ford) decisions appear unwise as well as controversial.

But the string may have run out with David Packard, a rich and rugged electronics executive from California who, as Deputy Defense Secretary, has become the department's general manager and chief administrator. Called intelligent if short on intellectualizing, decisive but not dogmatic and accessible to those with contrary views, the No. 2 defense official under Secretary Melvin Laird is winning near-unanimous praise from Pentagon officials and outside observers. And the praise from subordinates, whatever it's worth, is not coming because they have found this hulking multimillionaire a pushover for their favorite schemes.

"To start with, he's bigger than anyone else in the room. And as he sits there with '$300 million' stamped on his forehead, even four-star generals don't talk back," says one insider.

As Deputy Secretary, he complements more than competes with Mr. Laird. Many call him a quiet Mr. Inside to the Secreary's more verbose Mr. Outside—administering 4.5 million employes and a $77 billion budget while boss Laird deals more with President Nixon, Congress and the public. Though the Secretary remains the senior policy-maker, David Packard is the one to see when a specific decision is needed.

"Packard is really the operating head; he's the man we want to talk to," says an industry official who prowls the Pentagon in search of contracts.

Many claim the relatively unknown Mr. Packard is emerging as a lucky find for the Nixon Administration. Senior military men praise him even as he slashes their budgets, cancels programs and makes them do more homework. The Pentagon's friends and foes in Congress both have kind words for the Deputy Secretary. And defense contractors compliment him even though he has revised buying methods so they must work harder and take greater risks to gain eventual profits.

It seems impossible, in fact, to find a harsh word about the man, though it's true the Pentagon is hardly a place where criticism of the boss runs rampant. One Defense Department civilian official believes Mr. Packard will emerge as one of the GOP's statesmen, on call for high-level national chores much as two predecessors (Paul Nitze and Cyrus Vance) have been for the Democrats.

"We're desperate for men like him," argues this Administration man who has a background in Republican politics.

RESTORING CONFIDENCE

Good men at the Pentagon are needed these days, for criticism of the military establishment has reached new heights. Public, press and Congress tend to view the services with distrust, and critics revel in accounts of military miscues. Many Pentagon leaders hope Mr. Laird's soothing ways with legislators, plus Mr. Packard's no-nonsense management, can restore lost confidence.

"As far as our relations with the outside go, they've taken over at the worst possible time," says a senior official who admires both men for even considering the jobs.

Mr. Packard shrugs off such praise. He says simply that he came east because "this country has been good to me and I owe it something in return." Intimates add that, though not exactly bored by his business success, he also felt a need for new challenges.

He certainly didn't make the move for the $42,500 salary he now draws. The electronics firm he co-founded, Hewlett-Packard Co., has made him immensely rich, as shown by his resolution of an apparent conflict-of-interest problem before taking the Government assignment (Hewlett-Packard gets about 33% of its business from the Pentagon and defense contractors). First he signed away an annual income of $1 million, most of it to be divided among 16 educational institutions and hospitals. He also sold about $2 million worth of stock in companies that do defense business. And he put his Hewlett-Packard shares, worth $300 million at the time, into a unique trust to insure that he won't benefit from any capital gain while in Government service; when he departs, the trustees will sell off any excess stock above the $300 million figure and give the proceeds to the 16 institutions. (At yesterday's closing price for the stock, the value of this potential gift stood at over a million.)

A TOUGH SIDE

Despite such power and wealth, Dave Packard remains an unusually modest man with an easygoing manner that contrasts sharply with the style of some rather brusque predecessors.

"He's a sheep dog of a man," says one admiring general and the term seems apt—if not one used wisely in his presence. At six feet, five inches tall and 245 pounds, Dave Packard still looks like the football lineman he once was; an outdoor Western life has kept him in good shape at age 57, at least until the Pentagon job curtailed horseback vacations on his California ranch and raised his weight a bit. Adjectives friends often use about him might well fit a sheep dog: Friendly, likeable and relaxed.

But sheep dogs can bite. "Packard can be devastating if he decides your ideas are foolish or parochial," says an Air Force general. Subordinates say he seldom loses his cool but firmly stops debate once he has heard enough. "You haven't made a case—and that's that," he may say.

Recently a Navy official decided a Packard ruling against his service was wrong. At a follow-up meeting, he tried to reopen the subject but was quickly told, "We're not here to decide what to do; we're here to decide how to do it." The Navy man quickly shifted mental gears and helped draft plans for executing the decision.

Getting a more detailed account of any Pentagon meeting is difficult at best but a not entirely hypothetical session in Mr. Packard's spacious office might go something like this:

Assume the subject is a proposal for adding a complex new fire-control radar to the F15, a new Air Force fighter in early development stages. As Mr. Packard sits quietly, twirling a pencil or tugging at his eyebrows, an advocate tells how the new system will improve F15 fighting capabilities. Then a dissenter chimes in with his theory of why the system might not work, or at least might prove too costly.

About then, Mr. Packard says he doesn't see why the plane needs the equipment at all, let alone an improved model. After all,

what does it do? This throws the Air Force briefers off balance for a bit, until they explain the radar is for shooting down an enemy when the F15 pilot can't see—something apparently never yet accomplished in any air battle. If that's the case, continues Mr. Packard, why not use an existing radar; do we really need all these different things? The Air Force answer, of course, is yes—the expensive new system is needed.

DECENTRALIZING DECISIONS

But what characteristics prevent an existing model from being used, the deputy boss asks. A lengthy discussion ensues about actual versus theoretical performances of electronic gear. The upshot: The F15 will have a simpler, less expensive radar than originally proposed.

Despite such decisiveness at the top, the underlying change in Pentagon decision-making under the Laird-Packard regime is toward decentralization, reversing a trend started by Secretary McNamara in 1961.

Under the impatient Mr. McNamara, the then-quarreling armed services surrendered power to the Secretary's office, where most decisions about weapons, budgets and operations were made. One result was increased military grumbling about alleged civilian mistakes, especially in the Office of Systems Analysis, where the so-called whiz kids drew up programs and passed them on for older generals to put into effect. The generals also complained this office studied to death any good ideas they originated—"paralysis by analysis," in the critics' view.

Nowadays, the three armed services have more freedom to decide their own needs and objectives, subject to stringent reviews by Mr. Packard. With this authority has come extra responsibility; if mistakes are made, heads will roll, promises the Deputy Secretary. This means the military must do careful planning and justifying rather than simply send along costly shopping lists for new equipment and then hope for the best; the hard decisions must now be made by the services themselves.

"Centralization of management at the top is not realistic," says Mr. Packard, reflecting on the huge bureaucracy he now oversees. "Once we agree a program is good, we'll let the services run with the ball—but hold them responsible."

A related change is something called fiscal guidance. This means each of the three services gets a firm spending limit at the start of the annual budget process; if the Army wants more tanks, it must buy fewer helicopters or arrange similar trade-offs.

A MORE REALISTIC FIGURE

The McNamara system was quite different. The service chiefs were told to ask anything they deemed necessary to meet an enemy threat. The Secretary's office would make the final cuts and eliminate overlap in requests. But the services often compiled their want lists without thinking through national priorities or really analyzing their own requirements. A year ago the Joint Chiefs of Staff asked former Secretary Clark Clifford for $109 billion, an amount he trimmed to $80 billion. Such wholesale cutting naturally irritated the generals.

Under the Laird-Packard approach, the defense budget now in final drafting stages reportedly allotted the three services a maximum of $78 billion, plus $6 billion for centralized research, supply intelligence and other activities. Thus the initial plan for the fiscal year starting next July was a more realistic $84 billion (compared to last year's $109 billion) even before Messrs. Packard and Laird began whacking away at it. The final figure, Mr. Packard indicates, will actually be below $75 billion, and spending will stay there for several years to come despite inflation.

Fiscal guidance brings needed realism to the budget process, the generals say, though it means they can't even hope for giant new spending programs. "At least it's candid," says one.

Still, Mr. Packard can make dubious moves. He recently signed a memo that tries to banish "cost overrun" from the Pentagon vocabulary, contending the phrase has an "imprecise meaning." He suggested alternative terms, none of which indicate that cost increases ever result from military or contractor mistakes—the old self-righteous Pentagon line.

Despite this, many in Congress and elsewhere agree that Mr. Packard is actually taking a get-tough approach to contracting. Rightly or wrongly, critics contend the weapons industry has been allowed to produce substandard equipment behind schedules and for exorbitant prices. To a point, Mr. Packard concurs. He talks about overly complex equipment, contract revisions that jack up prices and other evils of the trade. In a blunt speech to business executives last spring, he warned:

"Neither the Department of Defense nor the Congress will continue to tolerate large cost overruns which relate to unrealistic pricing at the time of award, or to inadequate management of the job during the contract." He promises the Pentagon will no longer bail out companies that get into financial trouble because something has gone wrong with their profit plans.

Whether he can eliminate all such problems is doubtful. But some innovations indicate his attempt is serious. Defense contractors will now get progress payments only after meeting specified production or technical "milestones," rather than according to the calendar. The rule is: No satisfactory work, no pay. More competition, either for whole weapons systems or components, is being planned; this is the "fly before you buy" approach, with mass-production contracts going to those who make the best test models.

The Pentagon will also hold back large orders for certain weapons until prototypes perform up to fixed standards. For example, Lockheed Aircraft Co. now has a contract to build six sub-hunting jets for the Navy but won't get approval to build 193 operational models until the service is satisfied with these prototypes. If not, the company will be cut off.

Mr. Packard's straight talk to contractors is typical of the man, long-time acquaintances say. He has little use for equivocation, philosophizing or political rhetoric. When asked what the Nixon Administration meant when it talked about a "sufficiency" of nuclear arms, he replied: "It meant that's a good word to use in a speech. Beyond that, it doesn't mean a damned thing." He is an avid reader but never of fiction; one favorite tome for part-time rancher Packard discusses the nutritional value of various grasses. His conversation is studded with business and scientific terms that Pentagon generals understand.

But Mr. Packard is much more than a single-minded businessman. His devotion to civic and racial problems has been long and extensive. "Unlike most, he backs his convictions with time and hard cash," concedes a liberal Democratic Congressman who has little regard for Mr. Packard's more conservative political views.

During his nine years on the Palo Alto, Calif., school board, he selected one problem—overcrowding—and concentrated on organizing building plans and financing for new classrooms. The result: Palo Alto, unlike neighboring towns, had enough space when the full impact of rapid population growth hit.

NO EXCUSES

He also promoted black capitalism before it became fashionable and was an active member of the Urban Coalition, which deals with racial matters. This concern apparently has been transferred to the Pentagon. When a well-known general repeated excuses offered by Southern textile mills (which make uniforms) for not hiring more Negroes, Mr. Packard cut him off. Defense contractors must make extra efforts to train unskilled minorities, he stressed, and weak excuses won't be tolerated.

Mr. Packard's contribution to national security policy remains less clear. Some staffers from other agencies worry he may become a mouthpiece for the Joint Chiefs of Staff regarding Vietnam, the Soviet threat or other controversial matters. On some minor Vietnam questions, say disappointed officials, he has argued the Joint Chiefs' position tenaciously. But they admit having no idea whether he is a force for speeding or slowing the U.S. withdrawal from the war zone. Close friends suggest he is biding his time while still learning the broad strategy issues.

Mr. Packard treated his recent Vietnam visit as part of this educational process, sitting politely through mind-numbing briefings by Army men. But associates deny he came away brainwashed. During private sessions with Ambassador Ellsworth Bunker and U.S. Commander General Creighton Abrams, he seriously questioned some of their planning. He said the South Vietnamese seem to be getting, thanks to U.S. eagerness, an air force, weaponry and communications equipment too costly and sophisticated for their future needs, and he suggested revisions. He also took a skeptical view of the vast American logistics complex in Vietnam that the Army views with pride.

If Dave Packard proves a success in his Pentagon post, few old friends will be surprised. They say his life story is basically a chronology of success.

SKIPPING THE PARTIES

As a Stanford University student, he earned two engineering degrees and emerged Phi Beta Kappa. He was a football end, a basketball center and might have been an Olympics hurdler but for an injury. As a businessman, he and long-time partner William Hewlett turned a $538 joint bank account into the electronics firm that made their fortunes. And he became the youngest trustee and later the youngest board chairman in Stanford's history.

Much success springs from a rather single-minded devotion to the job at hand. "He even gardens that way," says his attractive wife, Lucile. Nowadays he works from about eight until eight at the office, six days a week and relaxes on Sunday by tending the spacious yard of his Washington home. Opportunities for hunting or riding, favorite pastimes in California, are now rare, though the Packards managed to spend Thanksgiving weekend on their ranch.

The Pentagon's new deputy has never had much time for the more genteel social life. The Packards avoid the Washington cocktail circuit. Seemingly endless dinner parties for assorted dignitaries are nearly mandatory, but Dave Packard does his best to avoid other social gatherings. "After a while you find that no one really misses you," he says.

The Pentagon offer came as a surprise, he says. Last December Mr. Laird asked him to break off a duck-hunting trip and come east to offer advice on various appointments. After an evening of Scotch and conversation in a Washington hotel room, the Laird question became "what about you?" Somewhat to his own surprise, Mr. Packard took the job. Mrs. Packard and others say the offer came when he was feeling ready for bigger challenges.

The challenges are certainly there. In contrast to his business days, Mr. Packard can now be overruled by seniors. ("Fortunately, Mel and I haven't had any serious differences," he says.) Moreover, the Defense Department is such a sprawling, unresponsive bureaucracy that continual frustration can become a fact of life. "You can make a decision today and not learn for three years if it was the right one," he says ruefully.

CHEMICAL WARFARE TEST CENTER, DUGWAY, UTAH

Mr. HATFIELD. Mr. President, yesterday, 200 workers were evacuated from the chemical warfare test center at Dugway, Utah, where a leak of GB nerve gas has occurred. This was the same site where a previous accident involving nerve gas killed 6,400 sheep. Last July, an accident involving nerve gas was reported in Okinawa. As a result of that incident, 24 people were hospitalized briefly. These are only the publicized accidents that have occurred involving these lethal chemical weapons.

Last week I learned that the Army planned to transfer the chemical warfare agents stored on Okinawa to the Umatilla Ordinance Depot in Hermiston, Oreg. These recent incidents, combined with the knowledge of the terrifying capabilities of nerve gas—small drops of which can be lethal in seconds—understandably have contributed to the alarm and distress expressed by the citizens of Oregon over this proposed shipment of poison gas.

I fail to understand how this portion of poison gas relates in any way to our national security. I do see vividly how it is contributing to the insecurity of Oregonians.

On December 6 I wrote to President Nixon asking him to destroy this small portion of our chemical warfare capability. In my judgment, such a step would in no way jeopardize our security, and would contribute positively to our standing throughout the world.

The people of our country were greatly encouraged by the President's initiatives setting forth new policies for chemical and biological warfare. But the people of Oregon cannot understand how those new policies can be reconciled with this proposed massive shipment of nerve gas into our State.

It was an accident on Okinawa which motivated the transfer of these agents. But Oregonians fail to understand why they should be subject to dangers that we are removing from the Okinawans.

During the past year, we have often been told by the Defense Department that we must protect ourselves against various remote, obscure, and unproven threats to our security. This is a classic example, of such a threat. Oregonians, including myself, cannot visualize the threat against which these specific chemical warfare agents are to protect us. But we can visualize the threat that they pose to us.

Today, I have written to Secretary Laird, further emphasizing the advisability of destroying these particular chemical warfare agents.

Similarly, I have been in close contact with the Under Secretary of the Army, Thaddeus R. Beal, regarding these plans. Finally, I have written Secretary Finch urging him to fulfill all the prerogatives and responsibilities that are given to him under the legislation recently signed into law regarding our chemical and biological warfare arsenal.

Mr. President, other members of the congressional delegations from Oregon and Washington have joined in expressing the anxiety and opposition of citizens throughout the Northwest. We do not wish to be a bastion of chemical warfare agents, whose necessity we cannot understand, and whose deadly capabilities only increase our apprehension and dismay.

I ask unanimous consent that letters to Secretary Finch, Secretary Laird and the President be printed in the RECORD.

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

U.S. SENATE,
Washington, D.C., December 11, 1969.

Hon. ROBERT FINCH,
Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: You have been informed, according to law, of the Army's plans to transfer chemical warfare agents from Okinawa to the Umatilla Army Depot in Hermiston, Oregon. As you know, Public Law 91–121 grants you the prerogative of having the Surgeon General, the Public Health Service, and other qualified individuals study thoroughly any possible dangers posed by such a shipment and make recommendations.

The citizens of Oregon have expressed to me their strong alarm, distress, and concern regarding this proposed shipment of chemical warfare agents. I fully share their sentiments. We are not convinced of the necessity of this action, and are gravely troubled by its possible dangers and adverse ramifications.

Yesterday, another accident involving nerve gas occurred at the Dugway Testing Grounds in Utah. We are all well acquainted with the previous history of the accidents at this site. Last July, the first reported and confirmed accident occurred with the nerve gas scheduled to be shipped to Oregon. Naturally, these events have increased our apprehension.

In light of the intensified concern of citizens throughout the Northwest, I would urge you to take all possible steps to safeguard the health and welfare of our nation in this case.

I believe it would be in the true spirit of the recent legislation for you to conduct the most thorough, comprehensive study of this proposed transfer of chemical agents, taking whatever time is required. No shipment should be made until such a study is completed.

It was the intent of that legislation for the Secretary of Health, Education, and Welfare to assume broad power and authority over the safe transportation of chemical warfare agents. Since this is the first case after the enactment of this law, it is my firm hope that you will aggressively fulfill its spirit and intent to the fullest possible extent.

I cannot urge upon you strongly enough the depth of my personal concern and the distress of my constituents over this proposed transfer of chemical warfare agents.

Sincerely,

MARK O. HATFIELD,
U.S. Senator.

U.S. SENATE,
Washington, D.C., December 11, 1969.

Hon. MELVIN LAIRD,
Secretary of Defense,
Washington, D.C.

DEAR MEL: As you are aware, the Army has announced plans to ship the chemical warfare agents presently on Okinawa to the Umatilla Army Depot in Hermiston, Oregon. This has caused me the deepest concern, and citizens from throughout Oregon have expressed their deep opposition to this proposal. We fail to understand how the possession and shipment of these nerve gases is necessary to our security. Further, the accidental leak of nerve gas at Dugway Testing grounds in Utah yesterday, as well as the accident on Okinawa last July, only deepen our apprehension and alarm.

I have called upon the President to destroy the chemical agents stockpiled in Okinawa. It is my judgment that this would be far more in the spirit of the recent initiatives the Administration has taken in this area. It is my deep hope that you might recommend this course of action.

Enclosed is a copy of my letter to the President as well as my letter to Under Secretary of the Army, Thaddeus R. Beal, with whom I have spoken personally concerning this matter. They further indicate my convictions.

I am doing more than re-echoing the fervent and nearly universal feelings of the citizens in my state. This is a matter of my deepest personal concern. I am convinced that the possession of the nerve gas presently on Okinawa is not essential, and believe this proposed transfer to be a tragic mistake. Please review this decision and consider ordering the disposal of these chemical warfare agents.

Sincerely,

MARK O. HATFIELD,
U.S. Senator.

U.S. SENATE,
Washington, D.C., December 6, 1969.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On November 25 you set forth a policy of courage, sensibility and great historic merit regarding our chemical and biological defense programs. I strongly commended your position, stating on the floor of the Senate that same day, "I have for some time believed that our stockpiling efforts should be greatly reduced in both of these areas. . . . I praise this announcement as a giant step in the right direction." Your announcement, I believe, gave great hope to the citizens of our country, as well as to people throughout the world, who do not understand why these dangerous and inhumane weapons should be kept in such massive quantities by a nation possessing our ideals.

Recently I was informed of plans to transfer a large quantity of chemical warfare weapons from Okinawa to the Umatilla Army Depot in Hermiston, Oregon. The Undersecretary of the Army and other officials have briefed me concerning the need and arrangements for this transfer. I remain deeply concerned and distressed regarding these plans, however, and have voiced my opposition to the Secretary of the Army.

The dangers of transport, particularly by rail, of such materials have been noted by many in the past, including an advisory panel of the National Academy of Sciences appointed at the request of the Defense Department. More important, however, is that I fail to see how stockpiling of these weapons, particularly in such proposed amounts in Umatilla, is vital to our security and supportive of your Administration's new policies in this area.

Now that every major power and more than 60 nations have agreed to never initiate the use of chemicals and biological agents, and in view of the hopes raised by your new policies, I believe you could create deep confidence in your initiatives and build a position of true world leadership and respect by ordering the destruction of the chemical weapons stockpiled in Okinawa. Such a step would be applauded by the peoples of Asia, by our own citizens, and would be a firm demonstration of our hope to eliminate the need of such dire weapons whose only military use is the massive destruction of human life. All this could be initiated with the elimination of only a very small portion of our more than sufficient stockpiles of these materials.

My deep concern over this matter reflects the strong views of the citizens of the State of Oregon. We are proud to participate in

the defense of our Nation, but have little desire to become a bastion of chemical warfare weapons whose necessity we cannot understand and whose terrifying capabilities only increase our apprehension and distress.

Sincerely,

MARK O. HATFIELD,
U.S. Senator.

TAX REFORM—FEDERAL INTEREST SUDSIDY FOR STATE AND LOCAL GOVERNMENT BONDS

Mr. KENNEDY. Mr. President, one of the first actions by the Committee on Finance in its executive sessions on the tax reform bill was to eliminate the aspects of three major provisions in the House-passed bill that affected the tax-free status of State and local government bonds—that is, the minimum tax, the allocation of deductions, and the Federal interest subsidy provision for State and local governments willing to issue taxable bonds.

The committee's action was in response to the unanimous opposition to the House bill by virtually every Governor and mayor across the Nation. Because of that opposition, no effort at all was made to restore the House provisions during the debate on the Senate floor, and the bill reported by the Finance Committee passed the Senate unchanged with respect to these provisions.

Although there was considerable merit to the arguments raised against the minimum tax and allocation of deductions provisions as they affected State and local bonds, I believe that there was far less merit to the opposition to the Federal interest subsidy provision.

In the current issue of Tax Policy, which has just come to my attention, Prof. Stanley Surrey of the Harvard Law School analyzes in detail the arguments made against the Federal subsidy and shows that the merits of the subsidy were seriously misrepresented by its opponents. He concludes that, far from exacerbating the current fiscal crisis of State and local governments, the interest subsidy in the House bill would have very real advantages over the present system.

Mr. President, I believe that Professor Surrey's article will be of interest to all of us who are concerned with this problem. I ask unanimous consent that it be printed in the RECORD, and I am hopeful that the conferees of the Finance Committee and the Ways and Means Committee will give careful consideration to preserving this innovative part of the House bill.

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

THE TAX TREATMENT OF STATE AND LOCAL GOVERNMENT OBLIGATIONS—SOME FURTHER OBSERVATIONS*

(By Stanley S. Surrey)

I have been asked to provide some further observations on the tax treatment of state and local governmental obligations in light of Patrick Healy's discussion of this subject entitled "The Assault on Tax-Exempt Bonds." This discussion by Mr. Healy is mirrored in large part by the testimony recently presented by governors, mayors, county officials, investment bankers, and others before the Senate Committee on Finance in support of the status quo in this area.

THE PROBLEM

In a previous discussion I had indicated that the status quo—federal income tax exemption of the interest on state and local obligations—was inherently unstable because it presented problems for both the federal government and for state and local governments. I pointed out that the future would place great demands on state and local governments for funds to meet their needs. As a consequence, there could be a very large increase in the issuance of tax-exempt bonds to meet the demand for funds, and the increase estimated by the Joint Economic Committee in 1966 might be on the low side compared with a possible 10 per cent rate. I then pointed out that the tax exemption feature relied on by these governments to market their bonds could prove in the end self-defeating since its use automatically narrowed the market for the bonds. The exemption—and consequent lower interest rate—excluded as buyers the federally tax-exempt institutions, such as pension plans, educational institutions, and charitable organizations. Indeed, it also almost entirely prevented state and local pension plans and other such governmental holders of securities from buying these obligations. It also excluded pretty much most lower- and middle-bracket individuals, since the benefits of tax exemption would not for them offset the lower interest rates.

The consequent squeeze—large capital demands and a narrowed market—would, I suggested, force these governments to raise their interest rates to attract more buyers. This would, of course, increase their costs. It would also enlarge the present tax inequity inherent in these bonds when viewed from the perspective of the federal income tax. The increase in exempt interest rates would both constitute a further windfall to the upper-bracket individuals and the organizations, such as banks, who now buy these bonds, and bring in still more holders who would gain an advantage through tax exemption as the interest rates on the bonds rose.

This process would underline the wastage and inefficiency that now exists through using the mechanism of tax exemption to provide federal assistance to state and local governments. The revenue loss to the federal government is already far in excess of the interest savings to state and local governments. Using Treasury Department data, the revenue loss was estimated at $2.63 billion and the interest savings at $1.86 billion.[1] The present mechanism thus involves a wastage of about $800 million—a sort of special commission paid gratuitously to the intermediaries who enjoy the privilege of tax exemption. In the future if, as is quite likely, interest rates on these bonds are to rise relative to taxable bonds, this wastage would increase and the mechanism thus become more and more inefficient.

I suggested the solution lay in devising new financial techniques for the future. Among the techniques suggested was the optional use of state and local government *taxable* bonds with the federal government subsidizing a part of the interest cost. Another suggestion was for a central institution, such as a Development Bank, to issue its taxable bonds for funds which it could relend at subsidized interest rates to state and local governments. The treatment of existing bonds was discussed in terms of the windfall element that would be involved if in the future taxable bonds were to be issued by these governments. Possible solutions considered involved the minimum income tax and allocation of deductions proposals to cover this and other tax preferences and the suggestion by others that outstanding bonds be made fully taxable combined with an offer by the federal government to exchange its bonds for those outstanding bonds.

IS THERE AGREEMENT ON THE PROBLEM?

Mr. Healy chose to characterize this discussion of a serious problem and its possible solutions as "The Assault on Tax-Exempt Bonds." I regard this attempt at the dramatic to be wide of the mark and not descriptive of an effort to meet what many besides myself regard as a serious problem. Indeed, the Committee on Ways and Means of the House of Representatives took much the same view of the seriousness of the matter as I did, and included in its tax reform bill (H.R. 13270) a solution quite similar to that suggested in my discussion. I would prefer to think that they too saw themselves engaged in trying to solve a serious current problem combining aspects of state and local financial needs, intergovernmental relations, and the equity of the federal income tax, and that they did not consider themselves engaged in an assault on tax-exempt bonds.

Is it seriously being contended that the Committee was wrong and there is no problem? Indeed, half of Mr. Healy's discussion is devoted to picking at the edges of the problem, as posed by the Committee and in my discussion, in an effort to make the problem go away. But I doubt that his heart is really involved in the task.

As to *the future rate of growth of state and local issues,* he states that I may have overestimated the growth and says that actual issues, after subtracting industrial development bonds in 1967 and 1968, are increasing at about an 8.7 per cent rate, a little behind the Joint Economic Committee estimate. His figure may however overcompensate for the effect of industrial development bonds, which he subtracts in obtaining actual issues, since the flood of those bonds did cause some regular issues to be sidetracked and hence a full subtraction would seem to be too high. Also, the pace of the issuance of state and local bonds in the last few years has involved a lag due to the prevailing conditions in our money markets and the consequent high interest rates. Further, the JEC estimates could not take account of the serious inflationary aspects of the current period and beyond, with cost levels higher than anticipated—as Mr. Healy recognizes. Also, the Urban Institute has noted that a rate of growth consistent with the JEC projection would leave us short of the quality of public services we need.[2]

As I said earlier, I doubt that Mr. Healy believes this aspect of the problem can be wished away, for he hedges his quarrel by conceding there could well be a problem, in these words:

"What we need above all is the careful and painstaking approach manifested in the 1966 Joint Economic Committee study, certainly a landmark in the field. True, some of the assumptions underlying that pioneering study may need to be re-examined and possibly revised in the light of recent inflationary economic experience. A diversity of views exists among economists as to whether a substantial increase in state and local government financing in the period ending in 1975 will be experienced and whether adequate investment funds will be available to meet these needs. Certainly the potential market behavior of the commercial banks during this period is of the utmost importance, since they are the major buyers of state and local government securities. . . ."

As to the *probable rise in state and local interest rates* relative to corporate bonds of comparable quality, where I presented alternative projections using 70 per cent, 75 per cent, and 80 per cent (and a possible high of 87 per cent if the commercial bank market turns unfavorable), Mr. Healy hardly seems

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in basic disagreement. For he does note that while the ratio remained at 70 per cent for some time, it did go in recent years to 75 per cent—and even above 80 per cent very recently. The state and local governments, as does Mr. Healy, attribute this last dramatic rise to the presence of the tax reform bill. But rarely do they mention the fact that commercial banks have been net sellers of these bonds in this year. Mr. Healy does add his belief that if the inflationary situation cools the ratio should stabilize again at 70 per cent. But it is interesting to observe that the only witnesses before the Senate Finance Committee not associated with state and local governments and the investment banking fraternity, and hence not having a given institutional position on the matter, who commented on this point did conclude that a serious situation existed which could cause the ratio to rise:

1. The debt of state and local government is now in excess of $140 billion and has been projected to grow at a faster rate than the aggregate economy through 1975. The market for tax-exempt bonds is largely limited to commercial banks and a few wealthy individuals whose assets are not likely to grow as rapidly as the economy. Many states are now paying over six percent interest on new issues of municipal securities and at these historic rates are unable to find buyers for about half of the normal volume of new issues.

2. The current crisis is likely to continue owing to:

(a) A much slower growth in the money supply which will force banks to ration credit more carefully.

(b) A preference on the part of banks for business loans as opposed to investment in municipal bonds.

(c) Possible changes in our tax laws which will reduce the cash flow of corporations and financial institutions, and

(d) A tremendous pent up demand for credit to provide housing, automobiles and consumer durables, a maturing baby boom and the returning G.I.'s from Vietnam.[3]

The unaligned witnesses do recognize the extreme weaknesses in the present situation, with the state and local governments do dependent on the commercial banks. In recent years their purchases have ranged from 90 per cent to 90 per cent of new issues. When conditions cause these banks to reduce their purchases, where can the state and local governments really turn when their only selling point is tax exemption? As the Urban Institute has said:

It is desirable to broaden the market for state and local securities from two points of view:

(1) to develop new sources of financing beyond what present financial institutions can provide so as to allow a faster growth in the rate of public facility construction;

(2) to move away from the present heavy reliance on commercial bank resources which display a high volatility in response to changes in financial market conditions.[4]

As to the *tax equality question*, Mr. Healy also halfheartedly attempts to wish this aspect away by trying to ascertain just where the tax exemption ranks in the hierarchy of tax preferences for individuals—he would place it fourth or fifth and not second or third. The precise ranking is not the heart of the matter. No serious student of the subject has doubted the effect of tax exemption on tax equity. Efforts of witnesses from state and local governments also to wish the problem away, by saying that some of the present holders are in low brackets—and are even school teachers—and that upper-income taxpayers receive only a small percentage of their income from this source (only 18 percent of those over $315,000 derived as much as 10 per cent), simply disregard data showing that for individuals 57.5 per cent of the interest is received by those with adjusted gross incomes of $73,000 and above, and 82.6 per cent by those with incomes of $31,000 and above.[5]

I think it is fair to conclude that a problem does exist, both of a financial nature for state and local governments and of a tax equity nature for the federal government, and that the Ways and Means Committee did not invent the problem.

CONSEQUENCES OF FEDERAL TAXATION

Mr. Healy does warm to the task when he moves on to the consequences of a federal income tax on state and local bond interest. One point he urges relates to *the constitutional issue*, and he refers here to the briefs presented by adherents of state and local governments. He also refers to the Treasury Department's current comments before the congressional committees—shall I say melancholy comments—to the effect that constitutional issues are involved. Debate will not answer this question, for it must rest with the Supreme Court. But on the written record at the federal level there are outstanding detailed legal opinions of the Department of Justice and the Treasury Department that taxation of the interest on state and local obligations is constitutional. We have not been presented with any detailed legal opinion of these Departments affirmatively and officially holding a contrary view. On this state of the record, I think it is certainly proper to let the question be presented to the Supreme Court.

Let us move on to the other aspect of taxation of state and local bond interest, that of *increased interest costs* to state and local governments. It is here that Mr. Healy really starts, for his opening paragraphs portray the "alarming prospect" of increased state and local taxes to meet the higher interest costs. Indeed, practically all of the recent testimony before the Senate Finance Committee is a litany of the dire consequences of the rise in the interest costs. But in a very real sense all of this testimony was not responsive to the issue before the committee. It was as if one were to discuss a performance of Hamlet in which Hamlet never appeared.

If all that were involved in a solution to the problem we have been discussing were federal taxation of state and local bond interest, then of course these governments would have increased financial costs and they would need higher taxes to meet them. For we saw earlier that the present system of tax exemption involves annually about $1.86 billion in lower interest costs as a result of the exemption, and under a taxable approach this assistance would disappear. It is useless to debate in detail just how serious this added interest cost would be and which governor or mayor is the most objective in discussing the consequences. No one denies the serious effects of that step.

But that step is *not* the House bill. And that is *not* all that in involved.

The House bill did not even involve full taxation of the interest, but only subjected it to a minimum tax and an allocation of deductions. The governors and mayors said that investors would equate these steps to full taxation—since they would conjecture that the next step could be such full taxation—and that the rise in interest costs would thus approach a level consequent upon full taxation. Maybe yes, maybe no. But again that is not the issue.

ALTERNATIVE SUBSIDY SOLUTION OF HOUSE BILL

The House bill went on to provide an alternative solution under which the federal government would directly compensate the state and local governments for the rise in interest costs. Many witnesses before the Senate Finance Committee simply chose to overlook this alternative. Others simply mentioned it but then refused to say why it would not work. Those few who did recognize it was there and should be dealt with, generally chose to misread it or distort it.

But Mr. Healy knows the alternative solution is there. And, at this point, his discussion takes a different turn. Indeed, he comes very close to embracing the solution. He first sees the need for an alternative solution, and here acknowledges we do have "our problem" with us:

"Alternatives for capital financing should be viewed constructively, States and localities have utilized a relatively stable source of capital funds in the past and will continue to depend upon the tax-exempt bond market in the future for an adequate supply of capital funds. While evidence suggests that this source will continue to meet the foreseeable needs of states and localities, it is the only source of capital financing available aside from the luxurious pay-as-you-go method."

He then really finds no difficulty with the alternative solution, except that it may not mean a net revenue gain for the Treasury.

Just what is the solution in the House bill? Under that bill if a state or local government *elected* to issue a *taxable bond*, the Treasury is required to pay periodically to the issuing government, as interest payments fall due, from 30 per cent to 40 per cent of the interest payment (from 25 per cent to 40 per cent in years after 1974). The Secretary of the Treasury is to proclaim the percentage for each quarter. The percentage in effect when the bond is issued is applicable throughout its life. The federal share of the interest can be represented by a separate coupon—hence the term "dual coupon bonds" is often used to describe the situation. There would be a permanent legislative appropriation to cover the cost of the subsidy, of the same character as the appropriation applicable to interest on federal bonds.

This alternative would appear entirely to be federal aid with no detriment to the state and local governments and indeed it was so intended by the Ways and Means Committee. It would appear to meet the criteria Mr. Healy says are applicable to test any proposed alternative system:

1. First, it must preserve the present federal system and protect the state and local governments from federal domination.

2. The state and local governments must preserve their freedom to act, independent of federal control, on matters of purely state and local concern.

3. Any federal subsidy must be at least as generous as the present financing advantage which the states and municipalities enjoy by virtue of tax exemption.

4. The federal government's obligation to provide a subsidy in lieu of tax exemption must be automatic and irrevocable.

5. The states and municipalities must have unrestricted access, at their own option, to both tax-exempt and taxable markets.

6. Financing procedures must not be subject to delay by federal red tape which might make state and local governments miss their best markets or involve them in increased capital costs as construction costs keep rising.

This being so, on what ground can there be valid objection to the House alternative? A reading of Mr. Healy's article, and indeed of all the testimony submitted to the Senate Finance Committee, leaves one with the clear impression that Mr. Healy and those who attacked the House bill have yet to find a valid ground. Indeed, based on Mr. Healy's article, I am not at all clear that he really objects to the House alternative. Let us look at some of the points those witnesses and Mr. Healy raise:

There is the *argument of "control."* Thus Governor Rockefeller of New York told the Senate Finance Committee:

Such a subsidy scheme, however, would give to the Federal government a dangerous degree of control of state and local bond financing. For Federal approval of a bond issue

would be necessary in order for that issue to win a Federal subsidy.[6]

Yet there is no provision or authority for control in the House bill. The payment is to be automatic without regard to the purpose of the bond or the credit of the issuing government.[7] The House Committee Report makes the aspect clear:

"These provisions of the bill are entirely elective; if the issuer elects that the issue shall not be tax-exempt, the fixed percentage subsidy follows automatically. There is no review of the advisability of the local project or the issuer's ability to pay." (173.)

Others, who read the provision more closely, had to resort to the *"next step" argument*. As put by Mayor Davis of Kansas City, Missouri, that is:

"We are aware that a proposal has been made to temper this result by giving a subsidy by the federal government for the additional interest costs which would result from the taxation of municipal bond interest. This proposal does not appear to be sound. We feel that if the federal government starts paying some substantial share of the interest on municipal debt that the next step would be for the federal government to exercise control over the issuance of that debt. History tells us that the man who pays the fiddler calls the tune, and certainly it should not be unexpected for the federal government to step in and attempt to exercise some control over the amount, the purpose, and the type of debt instrument that might be issued by local government if the federal government were paying part of the interest cost." [8]

But again, the question is *this* legislation, not conjectured fears. Moreover, the argument overlooks that the federal government has been "paying the fiddler" all along—what else does tax exemption mean but loss of federal tax revenue?

There is the *argument of "termination."* Thus, Mayor Tate of Philadelphia stated:

"[The subsidy is completely at the mercy of Congress and may be curtailed and indeed eliminated at any time. The end result will be a debilitating loss of independence by state and local governments over their financial affairs, and ultimate fiscal subservience to the vagaries of an over-centralized federal bureaucracy concerned only incidentally with matters of vital local concern." [9]

Again, the question is *this* legislation and not some possible change in the future. And certainly under this legislation once a bond were issued, a contract would be involved and the subsidy would have to continue for that bond. As to unissued future bonds, it can be equally argued that tax exemption itself, as a legislative matter, can also be ended at any time. Indeed, it can be ended as to existing bonds if Congress so desires since here no contract of exemption exists. I wonder how many governors or mayors really believe the perpetuation of the present exemption is anything more than a legislative matter—how many would really settle for letting the Supreme Court decide the issue, winner take all? It is argued by others that if the House bill provision were ever to terminate, the issuing governments would not have a marketing structure at hand to again market their exempt bonds. But can it really be doubted that the investment community would quickly produce that structure?

There is the *argument of the "possible lower subsidy"* in that the Secretary could at some time use the lower range of the House bill and only authorize a 25 per cent subsidy which might not give enough assistance.[10] If this is a real concern, the constructive suggestion is to change the House provision to authorize a flat 40 per cent payment. Indeed, in the House debate on the bill, Congressman Ullman, the original sponsor of the provision, stated that he understood the Treasury would offer before the Senate Finance Committee an amendment to fix the percentage at 40 per cent and that he favored this step. He said:

"I would prefer a fixed percentage range for the Federal interest payment and I am pleased now with the decision of the Treasury—that was announced by Chairman Mills before the Rules Committee Tuesday—to recommend to the Senate that the permanent Federal contribution be a flat 40-percent differential.

"When there is a balance of demand and supply of money in the credit markets, the interest differential between tax-exempt and taxable bonds tends to be about 20 to 30 percent. A flat 40-percent rate will recognize the need to make funds available to the States and municipalities at reasonable rates of interest." [11]

There is the *argument of cost to the Treasury*. Mr. Healy seems to make this his sole argument—that at certain subsidy levels and certain assumed marginal income rates applicable to the taxable bonds, the federal government would be paying more in subsidy than it received in revenue from taxing the taxable bonds. Other witnesses have used this approach, and they find a loss to the Treasury by estimating a marginal tax rate on taxable bonds at 25 percent or less.[12]

The Treasury data and the Ways and Means Committee Report are to the contrary, for their estimates show, as stated earlier, a present wide gap between what would be the revenue if the outstanding bonds were taxable and the assistance presently being received by state and local governments—the difference between the $2.63 billion of revenue lost and the $1.86 billion of assistance to state and local governments.[13] The Treasury has been using an estimated average marginal tax rate of 45 per cent applicable to taxable state and local bonds. On this basis, the subsidy could go to 45 per cent of the interest without loss to the Treasury Department.[14]

But for the moment assume some loss—for the sake of argument since I would accept the Treasury data. Why does that loss mean the provision is inadvisable? The federal government is now paying $25 billion annually in grants to state and local governments. Those governments are seeking further federal funds through revenue sharing and other approaches. In this light, why is a "loss" to the federal government an argument against the House alternative—isn't revenue sharing, aren't grants, a "loss"? [15]

One witness put the answer this way:

"In recognition of the above result it is proposed to provide a subsidy of 25 percent to 40 percent of municipalities' interest cost through a dual coupon arrangement or through a federally sponsored "Urbank" or "Metro Bank." And, it is said, there shall be no federal review of the advisability of a project or the community's ability to repay the bonds.

"This is incredible. Congress has often deplored open end, back door, massive financing programs over which it has no control. Notwithstanding the language of the Bill, almost certainly some controls will be and should be imposed. For example, would Congress stand for federal financing of segregated schools, municipal liquor stores, ill advised medical facilities, a municipal or state *owned and operated* commercial enterprise? Would local government be able to finance projects not otherwise subject to the Davis-Bacon Act?

"Ultimately there would have to be some federal control. This would mean the destiny of local government would fall to a federal dependency, that local initiative, which has accomplished so much, will degenerate into a begging for federal handouts." [16]

In a similar vein, another witness said:

"If the House committee's assurance that 'there is no review of the advisability of the local project or of the issuer's ability to pay' really comes true, then the consequences will be that local governing bodies can and will commit the federal treasury to incur long-term debt service obligations, with a consequent increase in burdens on the federal taxpayer, without review or concurrence by Congress or by any federal executive agency. It is totally unsound to vest in local governments the power to appropriate federal money. Such is the effect of this proposal."

More likely, the House committee's assurance against federal review of the advisability of the local project or of the issuer's ability to pay will not last very long. A taxpayer's revolt would be a certainty, if billions were added each year to the long-term federal debt loan by non-reviewable decisions of local governments. The alternative would be a super P.W.A. of federal agencies to review the desirability of each of several thousand local projects each year, and the capacity of their sponsors to pay for them. Local decisions, now policed by the marketplace, would become national decisions, controlled by the policies and politics of distant federal administrators.[17]

These views are curious indeed, for the alleged characteristics of the House alternative are of course equally applicable to the present tax exemption. Hasn't any state or locality an open-ended, no-questions-asked, call on the Treasury Department today? Isn't tax exemption "an open end, back door, massive financing program over which it [Congress] has no control"? Do not "local governments" through tax exemption have "the power to appropriate federal money"? Isn't the only difference between the present situation and the alternative solution so far as this aspect is concerned that the present revenue loss does not directly appear in the federal budget but the subsidy would? Are the states and local governments arguing that the present hidden subsidy would not stand the light of day? I hope they are not saying this, for then they would indeed be taking a devious approach to federal-state relationships.

There is the *argument of transitional problems*. Thus, some states would have to authorize their municipalities to issue taxable bonds and perhaps authorize interest rates above current ceilings if the dual coupon system did not solve this latter aspect. But the obstacles pointed to by the witnesses seem to reflect the responses of technicians to the question, "Tell me why it won't work." Experience informs us that the same technicians would respond with innovation and imagination in quite a different way if the question were put, "Tell me the best and quickest way to put this solution into operation." For example, some have suggested, to meet the problem small communities might face in issuing taxable bonds, the formation of a state-wide development authority to issue its taxable bonds for the particular state and its municipalities, with funds then lent by the authority to those governments at subsidized rates, thus securing the marketing advantages of centralized borrowing.

A review of the arguments presented thus gives the appearance of much makeweight and searched-for debating points. In many respects the witnesses are criticizing not the House alternative but some other "strawman" plan they create for the purpose of criticism. All of the objections seem pale indeed alongside the real advantages inherent in the House alternative. These advantages do show through despite the monolithic institutional approach to the situation. Thus, witnesses before the Senate Finance Committee do say that at a 40 per cent subsidy level there would be very few tax-exempt bonds issued hereafter, which must mean that the

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House alternative of elective taxable bonds means lowered interest costs and hence a cheaper route for state and local governments.[18] Mr. Healy himself seems to believe this to be the likely result. Indeed, how could it be otherwise given the mathematics of the situation?

Interest rates on tax-exempt bonds are at an average ratio of 70–75 per cent of the interest obtaining on comparable corporate bonds. A federal subsidy at 40 per cent of the interest is a distinct monetary gain to state and local governments. In essence, the House alternative removes the inefficiency and wastage in the present system by paying to state and local governments most of the "commission" that now goes to the buyers of tax-exempt bonds—the difference between $2.63 billion of revenue lost and the $1.86 billion of interest assistance. There is no reason at all to have this excess go to the buyers of these bonds. The House alternative distributes most of it to state and local governments, thus increasing the assistance they are presently receiving.

Other witnesses have pointed to the new markets that would be opened for state and local securities once their interest rates were taxable and hence competitive with corporate bonds. For example, there would be the new market of state and local governments themselves through their pension and trust funds.[19] Today, quite wisely, these funds scarcely invest in state and local tax-exempt securities because of the lower interest rates.

The testimony of one witness, the Director of Finance for Honolulu, has the stamp of realism:

"In its general form, the proposed new bond contains some very attractive features. First, its use is optional on the part of the state or local government, and the governmental unit that issues it does so without giving up its right to issue also the traditional municipal bond.

"Second, since the bond is taxable, it will sell at interest yields comparable to other bonds and will thus give the state and local governments access to the investment funds held by institutions that do not now invest in municipal bonds.

"Finally, this bond would be marked in the usual way, utilizing the already-existing machinery of private financial services." [20]

There are thus real, positive advantages to state and local governments in the House alternative solution. This is not so strange since the essence of the House solution was really suggested by the governors themselves to the Ways and Means Committee.[21]

In sum, it is very difficult to see how the states and local governments could lose under the House alternative approach, and they have much to gain.[22]

EXISTING BONDS

Let us assume that the House alternative approach were to become law and the Secretary of the Treasury were to announce a 40 per cent subsidy. It is quite possible, as indicated above, that most future issues of state and local securities would be on a taxable basis after a short period of transition, because that course would mean genuine savings to state and local governments. As a consequence, the presently outstanding state and local securities would experience a rise in value, since they would become relatively scarce, with few new tax-exempt bonds being issued. Windfall gains would thus be received by existing holders, compared to what their position would be if all future issues were to continue on a tax-exempt basis. This has been the assumption in the past studies of this point.[23]

It would seem that subjecting tax-exempt interest, on existing and future issues, to a minimum tax and to allocation of deductions would not be an inappropriate offset to these windfall opportunities. Such treatment, moreover, could not adversely affect the issuing governments, since by hypothesis they would be issuing taxable bonds in the future and the rate on these bonds would be set by the market conditions affecting taxable bonds. The concerns expressed in the Senate testimony, that the subjection of existing bonds to the minimum tax and allocation of deductions proposals would raise the rate on future tax-exempt bonds, would thus really be unfounded. Any tax-exempt bonds issued in the future would face a ceiling rate that reflected the impact of the 40 per cent subsidy on taxable bonds.[24] The rate on any future bonds issued on a tax-exempt basis would thus be affected far more by the scarceness of tax-exempt bonds and the ceiling effect of the subsidy on taxable bonds than by the influence of the minimum tax and the allocation proposal.

Finally, if the state and local governments do worry about what would happen to their tax-exempt route if the subsidy arrangement were to be terminated at some future date, it could now be provided that tax-exempt bonds issued after such termination would not be subject to a minimum tax or allocation of deductions. Further, if the worry relates to the transitional period, it could now be provided that the minimum tax and allocation of deductions would not apply to tax-exempt bond interest until the Secretary were to certify that 50 percent of the new obligations were being issued on a taxable basis. And if the reply is that future Congresses could upset these arrangements, the answer is that future Congresses can end tax exemption also. But a better answer is that the Ways and Means Committee and the House are genuinely seeking a solution to an existing serious problem and are doing so in good faith. It seems really pointless to assume that the Congress, made up of elected representatives from the states, will act in bad faith to injure those states.

CONCLUSION

The alternative solution proposed by the House thus possesses genuine advantages to state and local governments. It recognizes that the present situation is inherently unstable, for it offers only future financing difficulties for state and local governments and future intensification of tax inequity for the federal government. If the solution can be improved, then the constructive course is to improve it. It is, therefore, to be hoped that sober second thoughts will take hold among the state and local officials and that they will approach the solution in a more reflective manner. I believe this is possible, for I prefer to consider that these officials are really desirous of a more stable and effective solution than the status quo.

FOOTNOTES

* EDITOR'S NOTE: The May-June issue of TAX POLICY contained an article on "Federal Income Taxation of State and Local Government Obligations" by Professor Stanley S. Surrey, Harvard Law School, and formerly Assistant Secretary of the Treasury. The July-August issue contained a reply. "The Assault on Tax-Exempt Bonds," by Patrick Healy, Executive Vice President, National League of Cities.

A reply by Mr. Healy to this article will appear in the next issue of TAX POLICY.

[1] The $2.63 billion is the amount of federal income tax that would be obtained on $124 billion of outstanding bonds, assuming that as taxable bonds they had an average interest rate of 4.72 per cent (instead of the actual average of about 3.22 per cent) and the average federal tax rate on that interest would be 45 per cent. The $1.86 billion is the result of the difference between the above average interest rates.

[2] See testimony of Mayor Louie Welch of Houston, Texas, before Senate Finance Committee, Attachment 2, September 23, 1969.

[3] Statement of Professors Edward Renshaw and Donald Reeb, Graduate School of Public Affairs and Department of Economics of State University of New York at Albany, September 23, 1969.

[4] See *op. cit.* footnote 2.

[5] See Exhibit 5 in Statement of Investment Bankers Association before Senate Finance Committee, September 24, 1969, using data from Benjamin A. Okner, *Income Distribution and the Federal Income Tax,* Ann Arbor: University of Michigan Institute of Public Administration, 1966, p. 83. See also American Bar Foundation, *Studies in Substantive Tax Reform,* Chicago, 1969, p. 35 (60 per cent of the interest is received by those with adjusted gross income of $50,000 and over).

[6] Statement of Governor Nelson A. Rockefeller, Senate Finance Committee, September 25, 1969.

[7] While industrial development and arbitrage bonds are not eligible, this classification does not involve "control" nor does it differ from present law which does not grant a tax-exempt status to such bonds.

[8] Statement of Mayor Ilus W. Davis, Kansas City, Missouri, Senate Finance Committee, September 23, 1969.

[9] Statement of Mayor James H. J. Tate of Philadelphia, Pennsylvania, Senate Finance Committee, September 23, 1969.

[10] Statement of C. Beverly Briley, Mayor of Nashville, Tennessee, President, National League of Cities, Senate Finance Committee, September 23, 1969.

[11] *Congressional Record,* August 7, 1969, p. 22745.

[12] See for examples, statements before the Senate Finance Committee of Governor Rockefeller of New York, September 25, 1969; of Mayor Welch of Houston, Texas, September 23, 1969; of Investment Bankers Association, September 24, 1969.

[13] Previous studies are to the same general effect, i.e., a substantial difference exists as between the revenue lost and the assistance to state and local government, e.g., David J. Ott and Allan A. Meltzer, *Federal Tax Treatment of State and Local Securities,* Washington: The Brookings Institute, 1963.

[14] See also position of the Urban Institute Attachment 3 to Statement of Mayor Welch, note 12 above.

[15] Some witnesses have said—Investment Bankers Association, note 12 above—that the House alternative might cause interest rates generally to rise. Maybe yes, maybe no, and in any event this is presumably an aspect of a possible increased flow to equities with which all issuers of fixed obligations will have to reckon. But why is this an obstacle to the solution? When the federal government made its own bonds taxable for reasons of tax equity, it was willing to accept an effect on its interest costs and presumably other rates.

[16] Statement of Ehlers and Associates, Inc., Financial Consultants, Minneapolis, Minnesota, Senate Finance Committee, September 23, 1969.

[17] Statement of Northcutt Ely, General Counsel, American Public Power Association, Senate Finance Committee, September 24, 1969.

[18] See Statement of Mayor Briley on behalf of National League of Cities, note 10 above.

[19] Statement of Professors Renshaw and Reeb, note 3 above; Urban Institute, Attachments 1 and 3 of Statement of Mayor Welch, note 12 above.

[20] Statement of William Summers Johnson, Director of Finance City and County of Honolulu, Hawaii, Senate Finance Committee, September 24, 1969.

[21] Statement of Governor Norbert T. Tierman of Nebraska, Senate Finance Committee, September 23, 1969, containing his statement before the Ways and Means Committee on behalf of the National Governors' Conference.

[22] This discussion is not intended to exclude the approach of an Urban Development Bank, or still other alternatives mentioned in my

earlier discusion. The present issue is the House alternative and this paper is concerned with its evaluation.

[23] See Ott and Meltzer, note 13 above, at p. 99.

[24] The rate on tax-exempt bonds issued in the future would perhaps stabilize close to the ceiling reflecting the 40 per cent subsidy. But the relative volume of such issues would presumably be lower than such interest level alone would indicate, since buyers would want the exempt interest rate to reflect other factors, such as the course of future tax rates and liquidity on resale, in addition to just a precise tax saving calculations based on the interest rates involved.

SENATE PASSES GRAB-BAG TAX BILL

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent to have printed in the RECORD two editorials criticizing the fiscal irresponsibility of the action of the Senate in its recent approval of the tax bill.

The first is entitled "Tax Bill or Goody Tree," published in the Washington Daily News of December 12, 1969.

The second, published in the Washington Post of December 12, is entitled "Tax Spree in the Senate."

I ask that both articles be printed in the RECORD under the headline of a similar article on the same bill, entitled "Senate Passes Grab-Bag Tax Bill," and published in the Wall Street Journal of today, December 12, 1969.

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

TAX BILL OR GOODY TREE?

When the tax bill just passed by the Senate came from the House of Representatives last summer it was reasonably well qualified for the title it carried, "Tax Reform Bill."

But as it emerged from the Senate, after the spirit of Santa Claus generally has prevailed, it looked more like a Christmas tree than a "tax reform" measure.

The Senate litered the bill with amendments, most of them giving somebody or other a tax break.

The bill now goes to a conference committee which will attempt to compromise the Senate's inflation-spurring, deficit-making version with the House version.

But Sen. Russell B. Long, chairman of the Finance Committee, said it will be "embarrassing" for him to take the bill to the House conferees "and tell them we've loaded $11 billion on their bill."

Others estimate that the loss of revenue from the Senate version could run as high as $14 billion.

The Senate raised Social Security benefits 15 per cent, instead of the 10 per cent proposed by President Nixon. It voted to raise the personal exemption of $600 to $700 next year and $800 in 1971. It would reduce the oil and gas depletion allowances from 27½ per cent to 23 per cent, 3 per cent higher than the House proposed. Repeal of the investment credit tax, voted by the House, was watered down in the Senate version to give special tax breaks to some corporations, such as the oil interests operating in Alaska.

The Senate added a $325 per student tax deduction for taxpayers with youngsters in college, and a host of other provisions for particular interests which only a Philadelphia lawyer can untangle.

The bill, of course, is not entirely without virtue. For instance, both houses agreed that private foundations must be more tightly regulated to deserve tax exemption. And while they differed on methods, both versions of the tax bill require foundations to spend their money and serve the purposes for which they were avowedly set up.

But by and large the Senate made a shambles of the bill passed by the House.

And if this measure should survive the compromise committee in susbtantially the form adopted by the Senate, President Nixon would have no logical choice except to carry out his threat to veto it. Because the bill, as it now stands, would seriously cripple Mr. Nixon's effort to slow down inflation and positively wreck any hope of getting the government budget in balance.

But meanwhile there is ground for hope that Rep. Wilbur D. Mills, chairman of the House Ways and Means Committee, and his House colleagues will be stout enough and persuasive enough in the compromise committee to strip the bill of much of its costly gingerbread.

The government, and the taxpayers themselves, simply cannot afford the Senate's Christmas tree in the present state of government finances and when inflation is still a long way from being effectively restrained.

TAX SPREE IN THE SENATE

The once-promising tax-reform bill came out of the Senate yesterday loaded with goodies in keeping with the Christmas season. Rushing heedlessly to attach more vote-catching baubles to the measure, the Senate almost lost sight of its original goal, which was to eliminate special favors and discrimination from the country's tax structure. In the face of this wallowing in irresponsibility even the strongest defenders of democracy are left with a hopeless feeling.

As a climax to its spree, the Senate even tried to use the bill as a vehicle for a new protectionist policy. Of course there was no time for the Senate itself to formulate and adopt a trade policy that would recognize the national interest in exports as well as imports. So it recklessly voted to let the President curtail the importation of any product which threatens to disrupt the American market if it comes from a county that discriminates against our exports. The proposal has no appropriate safeguards. It is in conflict with existing trade policy and wholly out of place in a tax-reform bill. Yet the Senate chalked up a 65–30 score in regard to it, apparently without a second thought as to what the effect on the national economy would be.

No doubt this brainstorm will be readily discarded by the conference committee, but the most costly of all the Senate amendments is another matter. We refer to the $6-billion social security bonanza attached to the bill. With the steady rise in living costs, Congress must of course raise social security payments. But the country simply cannot afford a 15 per cent jump at this time plus a boost in the minimum payment from $55 to $100 a month for single persons and $150 for couples. The only reason for attaching these plums to the tax-reform bill was to make it more difficult for the President to reject them. Even if the House insists on separating the social security benefits from the tax bill, the proposed addition of $6 billion to social security spending will continue to complicate the fiscal picture.

It is the combination of this costly gesture with the revenue-slashing Gore amendment which has put the Senate in the posture of throwing discretion to the winds. One estimate is to the effect that the combination will change the prospect of a $3-billion surplus in fiscal 1971 under the Finance Committee bill to a $7.5-billion deficit. In the face of continued inflationary pressures this amounts to an abdication of responsibility.

The Senate is entitled to a good deal of credit for some of its refining amendments. It voted to permit foundations to continue financing voter registration drives under proper restrictions and eliminated the Finance Committee's 40-year limitation on the life of foundations. No doubt some of its other changes in a highly complex bill will be found worth saving, but it has thrown an enormous burden on the conference committee to produce a bill that will be acceptable to the White House and to the country.

The major task of the House-Senate conferees will be to restore the bill to its original objective of screening out the inequities of the present law. This can be readily accomplished without siphoning off the revenue that is needed for expanded educational, social and environmental programs and without feeding the fires of inflation. The reckless nature of the Senate's spree has thrown an extraordinary burden on the conferees, who must still try to produce a respectable tax-reform bill.

THE WORKING POOR

Mr. DODD. Mr. President, in our deliberations over tax reform, we have looked at the plight of a number of groups in our society. Prominent among these were the so-called middle Americans.

Several weeks earlier, the economic opportunity amendments were passed to improve the conditions of the disadvantaged.

American society has been increasingly dominated by slogans and labels. A mere catchword, or phrase, conjures up an image of thousands of stereotyped figures, uniform in occupation, income, social attitude and political orientation. Then, predicated upon this image, the group's reaction to any set of circumstances is assumed.

Although our labels and slogans may be proliferating more rapidly than ever, this trend is not new, nor is it uniquely American.

I think, however, that such assumptions are unfortunate and, perhaps, dangerous in their oversimplification. For these labels serve little other purpose than to widen the divisions, and to intensify the conflicts, in American society.

One of the most harmful results of this trend is the misconceptions attached to poverty.

Many people regard the poor as only the unemployed individuals who live in the squalor of the urban slum.

Their livelihood comes, possibly, from exploiting the more sordid aspects of urban life, and from "government handouts."

Most often, they are members of a minority group.

Always, they are shiftless and irresponsible.

On the basis of this distorted view of poverty, many Americans deplore public assistance. They consider our welfare system to be both unnecessary and unjust.

Were the problem of poverty in this Nation that simple, we would have licked it long ago. Unfortunately, however, this view is far from realistic.

Certainly, poverty can be overcome, but our efforts cannot succeed without full support from the American people. And, as long as poverty continues to be identified with indigence, this support is going to be withheld.

In a recent issue of Social Service Outlook, a publication of the New York State Department of Social Services, columnist Sylvia Porter addresses herself to this situation. In a concise and forthright manner, she points out that such fallacy is "sickeningly inaccurate."

Because I believe that Miss Porter raises a long ignored and vital point, I ask unanimous consent that the text of her article be printed in the RECORD.

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

OUR WORKING POOR

(By Sylvia Porter)

If you were asked "what is the biggest single factor contributing to poverty in this country?" you almost surely would say "being without a job."

You would be wrong.

For the fact is the overwhelming majority of the nation's 25,400,000 poor live in households in which the father or mother or both parents work—and one in three of these works full-time year around. As former Labor Secretary Willard Wirtz put it, the majority who live in poverty "do so not because the head of the family is unemployed, but because he doesn't get a decent living for the work he does."

And as Dorothy Newman, a brilliant Labor Department economist, adds, "this is not the time of the 'discouraged' worker who cannot find a job, but of the 'discouraged' worker who is expected to work full-time at low wages and with little or no chance of advancement."

A popular "humorous" button today proclaims "I fight poverty—I work," but a look at the facts makes this far from humorous.

A recent Oregon survey of several thousand women heading their own households showed 91 percent holding full-time jobs but one-third still living below the official poverty line.

Another recent study in the Mississippi Delta region revealed four out of five Negro families living on incomes of less than $3,000 a year—although a majority of these families was headed by an employed worker. The average pay of U.S. farmworkers now is between $4 and $7 a day.

In major U.S. city slums, 15 percent of full-time workers earn less than $55 a week.

In Charleston, S.C., site of the recent bitter hospital workers' strike, $1.30 an hour was the going wage.

The median yearly earnings of a private household worker are now $1,061; of the laundry worker, $2,729; hotel worker, $2,496; restaurant worker, $2,147; health service worker, $3,156. (Median means half earn more; half earn less than these levels.)

The widespread notion that millions now on welfare are able-bodied men entirely capable of working and supporting their families—but just too lazy to do so—is sickeningly inaccurate.

Most of these "able-bodied men" actually are women with pre-school children. Most others are too old or too handicapped to work. In many cases, because of the "man in the house" rule for welfare recipients (a family may not receive benefits if there is an able-bodied man living at home), the men are forced to abandon their families so that the women and children can receive benefits.

The fundamental point is that the vast majority of the poor do work at bottom income jobs. A Labor Department survey of poor male family heads revealed that four out of five of them had worked sometime during the year.

Employment is not enough.

Job training for the hard core and other unemployed Americans to place them in unskilled or low skilled jobs is not enough.

Even President Nixon's recently proposed system of federal income supplements for poor workers as well as non-workers could turn out to be a superficial form of first aid, as demeaning and humiliating as today's paternalistic welfare system.

What is desperately needed is a profound change in our attitudes toward compensation of workers in our country—so that the individual willing and able to produce a thing or perform a service which our society considers necessary and valuable can count on earning a wage on which he can support himself and his family above the poverty line.

Decades ago we in the U.S. made a national commitment to support by direct subsidies those among us too sick, too old, too handicapped to work to provide for themselves. Now we must overhaul our attitudes and find new solutions for the plight of another group, the working poor.

THE GREAT U.S. FRANCHISING BOOM

Mr. WILLIAMS of New Jersey. Mr. President, on December 9, I announced hearings scheduled for January 20, 21, and 22 on "The Impact of Franchising on Small Business" before my Senate Small Business Subcommittee on Urban and Rural Economic Development.

At that time, I referred Senators to an article on franchising which was published in the December 8 issue of U.S. News & World Report that quite accurately described the phenomenal growth of this concept in recent years.

Because of franchising's explosive expansion, I believe an indepth study into all aspects of this concept would be beneficial to a better understanding of how it is affecting our economy, particularly our small business community.

Several of our national news magazines have already published articles on franchising. Their editors should be commended for selecting such a timely topic for public discussion. One such article appeared recently in Newsweek magazine. The article, entitled "The Great U.S. Franchising Boom," was excellently written by Newsweek's general editor, Rich Thomas, who provided us with some informative insights into the new world of franchising. I ask unanimous consent that the article be printed in the RECORD.

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

THE GREAT U.S. FRANCHISING BOOM

"We're dealing with an emotional second only to Hugh Hefner's—to own your own business," said Al Lapin Jr. in Los Angeles last week. "And if I can find out how to franchise sex, I'll really have it made."

Lapin would appear to have it made already. A decade ago he was peddling coffee to factory snack shops. Since then the dapper little head of International Industries, which now operates twenty different franchised businesses from the International House of Pancakes to the Sawyer Business Colleges, has risen to fame, fortune (he's worth at least $40 million on paper), and a listing of his stock on the New York Stock Exchange. In fact, the fabulous riches of Lapin and such entrepreneurs as Ray Kroc of McDonald's hamburgers (who is worth at least $100 million) and John Brown Jr. and Jack Massey of Kentucky Fried Chicken (who have cleared well over $50 million a piece) have drawn a feverish mob of imitators, promoters and fast-buck artists into the daffiest boom of the decade: The Great Franchising Game.

It is a game that everyone can play—from the biggest names in show business and the craftiest financiers of Wall Street to the man on the street. The latter has gotten in on the action either by buying a franchise or by buying one of the scores of stocks in franchise companies that have rushed to market in the last year.

GOLDEN NAMES

The celebrity phenomenon is a story all by itself. Eva Gabor (wig boutiques), Tony Bennett (spaghetti restaurants), Johnny Carson (Here's Johnny's restaurants), Ed McMahon (A to Z Rental Centers), Jerry Lewis (movie houses), Mickey Mantle (Country Cookin'), Mahalia Jackson (Glori-Fried Chicken), Joe Namath (Broadway Joe's restaurants), Trini Lopez (Mexican restaurants), Rowan and Martin (Laugh-In restaurants featuring, among other delicacies, "Fickle Finger frankfurters")—these and scores of others have discovered that their names can be worth millions when strategically placed in the franchise game.

The celebrities are concentrated in the hottest area of the franchising game—fast-food and limited-menu diners—but the variety is typical of the entire scene. The franchises include auto-transmission centers, mobile brake-repair services, nursery day-care centers, yard goods (a Hollywood, Fla., franchiser named "Uncle Sam" Shepett is franchising Betsy Ross fabric stores), ladies clothing and computer schools. In the last year, says the International Franchise Association, the number of franchisers has grown from 780 to 900.

In any boom as yeasty as franchising, there are bound to be excesses. Many "franchise rows" lining high-traffic blocks in such towns as Fort Lauderdale, Denver and Nashville have become so over-built with fast-food joints that sales of the franchisees are suffering. Then too, many hastily organized franchises, after collecting "front money"—down payments from franchisees for rights to a franchise name and system—have simply folded up. Teen Clubs International, which had sold dozens of franchises for Hullabaloo discothèques, recently died, and the franchisees may get back only about 10 cents on the dollar.

DEFLATION

In another area, the stock prices of many new franchises seemed wildly inflated and the shakiest have come plummeting down this summer. Broadway Joe's, for instance, had just one restaurant when it sold 200,000 shares to the public last spring at $10 a share. This meant that Joe Namath, who had received 145,000 additional shares for the use of his name, had an instant paper profit of almost $1.5 million. The stock reached a high of $17 before sinking but even at last week's close of $5 a share, Namath still held stock worth $725,000.

Franchise experts, indeed, scoff at the entire celebrity phenomenon. Many are organized on the flimsiest of bases by inexperienced people. Arthur Treacher's household cleaning service has already collapsed—though about 35 franchisees continue operating independently under the Treacher brand name. Undaunted, Treacher has moved on to a new fish-and-chips promotion. "The celebrity gimmick might bring the people in the first time around," says Ben Newman, an editor of Modern Franchising magazine, "but if the food is lousy, they're not going to come back even if you have God in the logo." "I couldn't hit a baseball as well as Mickey Mantle," said David B. Slater, a fourteen-year franchising veteran who is now launching the Sizzlebörd hot sandwich chain, "but I think I know more about franchising."

Outright fraud is a part of the franchise

scene, too. The Post Office's mail-fraud division, which handled 98 franchise cases—mostly front-money swindles—in fiscal 1968, closed 129 cases in the year ended last June. The problem has grown so great that the Federal Trade Commission is considering setting up a unit to screen franchise ads for fraud. "The shysters," said one government official, "have moved into this area fast."

EXPLODING CHICKEN

Franchising, of course, is really nothing new. Automobiles, tires, soft drinks and gasoline are sold largely or wholly through franchised local entrepreneurs and so are door-to-door cosmetics like Avon and household wares like Fuller. But the seeds of the current craze were planted by the enormous postwar successes of modern motel franchises (Holiday Inns now does more than $397 million in business annually) and highway restaurant chains (Howard Johnson's, $229 million). Then, when Kentucky Fried Chicken burst on the stock market in March of 1966, the franchise scene exploded.

John Brown, a lawyer with a background in sales, and Jack Massey, a Nashville businessman, had bought KFC from its founder, Col. Harland Sanders, for $2 million in cash in 1964 and had aggressively pushed its carry-out chicken stores into nearly every state in the union by the time of the 1966 public stock offering. The stock came out at the equivalent of $3 on the 9.8 million shares now outstanding and soared heavenward: it closed just a point below its all-time high at $52.50 last week. In addition to Brown and Massey, the dazzling rise has made millionaires of more than 30 Kentucky Fried employees, including Colonel Sanders's former secretary. What's more, something like 100 of Kentucky Fried's franchisees—many of whom operate whole strings of stores—have become millionaires, too.

This sort of thing does not go unnoticed in business. Franchise schemes, particularly chicken shops, proliferated—nowhere more rapidly than in Nashville, which was Kentucky Fried Chicken's home base until it moved this year to Louisville. As of last week, no fewer than 34 different franchise operations were headquartered in Nashville (there is hardly a hillbilly singer in town who doesn't have something going for him), and more operations are appearing. An extreme was achieved last month when two funeral directors launched a skyscraper-mausoleum franchise.

SAGA

For sheer color and complexity, however, none of Nashville's franchising stories equals the saga of Minnie Pearl's. Bedazzled by Kentucky Fried's success, John J. Hooker Jr., a young attorney who had just lost his bid to become Tennessee's governor, announced to his brother Henry that he intended to ride into the Statehouse "on the back of a chicken." Hooker persuaded "Grand Old Opry" star Minnie Pearl, the "howdee girl from Grinder's Switch," to lend her name to a franchise chicken operation.

The persuasive Hooker, proceeding on what he calls his "blitz theory," sold franchising rights in huge blocks to local investors everywhere and has long since sold out all territories—even in Europe. Even more quickly, Hooker offered his stock to the public—at $6.75 a share in May of 1968. The trouble, according to Wall Street analysts today, is that Minnie Pearl's stock price was based on the dazzling volume of "front money" Hooker was receiving while actual stores were slow to be built—there are only 275 today vs. Kentucky Fried's 2,600. This means that steady income from franchise royalties is paltry and the one-shot front-money potential is gone. What's more, many of Hooker's stores are being squeezed in chicken wars.

To keep Minnie Pearl's income up until more stores actually go on line and generate royalties, Hooker has maneuvered frantically. In one instance this year Hooker took $8 million he obtained from the sale of some of his own shares in Minnie Pearl and bought 200 franchises in a brand-new scheme—ice-cream parlors—that his company had just launched. This massive dose of front money will help hypo the earnings of Minnie Pearl's parent, which is now called Performance Systems, Inc. "If franchises are poison," says Hooker grandly, "then [I] took the biggest dose." But Hooker's sleight-of-hand is evidently not impressing a newly cautious Wall Street: Performance Systems stock slumped to close at an all-time low last week of $3 a share.

FAST RETREAT

Hooker's operations are not the only ones to be affected by saturated markets. Indeed, the shake-out is already under way. Five Wishbone Fried Chicken stores have closed in Memphis in the last year, Chicken Delight has seen at least 100 of its franchises fold, with the number of its stores shrinking from 660 in 1966 to 553 last week. Out in Anaheim, Calif., James Donovan, who dropped nearly $45,000 on a Burger Chef franchise ground up in the hamburger wars, tells what it is like on the firing line. "Oh gosh," said Donovan, "when they moved in, my business must have dropped 40 per cent."

Is the great franchise game, then, all over? The answer seems to be, probably not—at least not yet. For one thing, every business boom goes through a shake-out at some stage before resuming normal growth. Also, the best current studies indicate that the franchised restaurants and fast-food houses are killing off ordinary restaurants and shops far more often than each other. In addition, many giant corporations have decided that franchising is a wave of the 1970s. They are prepared to take whatever lumps are necessary to carve positions in the markets. The list of corporations already in the field or studying the possibility ranges from most of the biggest food packagers (Pillsbury, General Foods, et al.) to Humble Oil and City Investing. Finally, the smell of quick riches through franchising is still tempting.

The aroma can stimulate veterans as well as anyone else. Holiday Inns has installed 1,150 motels and hopes to build 2,000 more in the next decade. Yet only recently, the company began experimenting with something new: it has opened fast-sandwich restaurant called Johnny Holiday in Memphis. "There is still," said franchise-sales vice president W. Jefferies Mann, "plenty of room in the fast-food field."

SENATORS AND STAFFS URGED TO SEE MOVIE, "MANANA IS TODAY"

Mr. MURPHY. Mr. President, the Senator from Texas (Mr. YARBOROUGH) and I have arranged for a showing of the film "Manana is Today" on Tuesday, December 16, in the auditorium of the New Senate Office Building. The picture depicts the educational problems of the Mexican-American youngster and shows a most promising approach, the bilingual program, in helping to solve them.

We have arranged to have personnel from the Office of Education and the Interagency Committee on Meixcan-American Affairs to be present to answer any questions that Senators or staffs may have regarding the bilingual program. This film will be shown at 9:30 a.m. and again at 1:30 p.m.

I want to urge as many Senators and members of their staffs to attend this film, because in the next few days we will be considering the bilingual program in the Labor-HEW appropriation bill.

I ask unanimous consent that the letter I sent to all Senators be printed in the RECORD.

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

DECEMBER 12, 1969.

Hon. ——— ———,
U.S. Senate,
Washington, D.C.

DEAR COLLEAGUE: In the next few days, the Senate will be considering the Labor-HEW Appropriations bill. As the sponsors of the Bilingual program, we are vitally interested in seeing that this program is fully funded in view of the great need that exists and the program's potential.

We know that Senators and their staffs, other than those who represent the Southwestern states, are probably not as familiar with these needs and the Bilingual program as we are. In the Southwestern states, there are five million Mexican-American children, three million of whom do not speak English. Educational statistics show that the average number of years of school completed by those with Spanish surnames is 7.4, for non-whites, 9, and 12.14 for whites. Of the 1.6 million Mexican-American children entering the first grade in the five Southwestern states, one million will drop out before they reach the eighth grade. I am sure you will agree that these statistics are shocking and intolerable.

If you are not fluent in Spanish, imagine what it would be like to enter a school where the instruction was given in Spanish. You would naturally have to master the new language as well as the subject contents. It should come as no surprise that many youngsters facing this same situation then become frustrated and fall behind, and become discouraged and drop out.

The Bilingual program has the potential of changing all this, and we have arranged for the showing of a film, "Mañana is Today," on Tuesday, December 16, at 9:30 A.M. and 1:30 P.M. in G–308, Auditorium in New Senate Office Building. We have also arranged for individuals from the agencies who administer and who are interested in the Bilingual program to be on hand to answer any questions about the program that you may have.

We hope that you and your staff will make a special effort to attend one of these showings and that you will agree that full funding is needed.

Sincerely,

RALPH YARBOROUGH.
GEORGE MURPHY.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legisative clerk proceeded to call the roll.

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

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

FOREIGN ASSISTANCE ACT OF 1969

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the unfinished business.

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

The ASSISTANT LEGISLATIVE CLERK. A bill (H.R. 14580) to amend further the Foreign Assistant Act of 1961, as amended, and for other purposes.

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

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

Mr. MUSKIE obtained the floor.

Mr. SCOTT. Mr. President, has the Senator from Maine been recognized?

The PRESIDING OFFICER. The Senator is correct.

Mr. SCOTT. Mr. President, I would hope that, while the Senator is explaining the amendment, perhaps we can come to an agreement on a limitation of time. I understand the distinguished chairman of the committee has no objection to a time limitation.

Mr. MUSKIE. An hour would be fine.

Mr. FULBRIGHT. Would 40 minutes be better?

Mr. MUSKIE. Since I have a new amendment, I will take a little time to explain it. I suggest an hour, and we may not need to use it.

UNANIMOUS-CONSENT AGREEMENT

Mr. SCOTT. Mr. President, I ask unanimous consent that all debate on the amendment offered by the Senator from Maine and all amendments thereto be limited to 1 hour, to be equally divided between the sponsor of the amendment (Mr. MUSKIE) and the chairman of the committee.

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

The amendment has not been offered yet. Is it agreeable that the time limitation be effective when the amendment is offered? Is there objection? The Chair hears no objection, and it is so ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, before the time limitation agreement I was called to a conference and I would like to speak for 1 or 2 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

SECRETARY OF STATE WILLIAM P. ROGERS

Mr. MANSFIELD. Mr. President, I have had the opportunity to read a newspaper article by one of the Nation's really good reporters, Mr. R. H. Shackford, which appeared in the Washington Daily News of Thursday, November 27, 1969. The article concerns the 10-month period William Pierce Rogers has served as Secretary of State, and is entitled, "The Most Relaxed VIP Since Cordell Hull."

The article mentions the fact that Secretary of State Rogers has adhered to the fullest to the President's inaugural suggestion that we lower our voices and abandon inflated rhetoric, angry rhetoric, and bombastic rhetoric. What this Secretary of State has done has been accomplished with distinction, dedication, and integrity. He has performed extremely well as Secretary of State. He has achieved a great degree of competence since taking control of that Department.

Mr. President, I ask unanimous consent that this article about this low profiled man, this man who does not lecture, this man who deals conscientiously and devotedly with problems despite their complexity and sometimes their confusion, be placed in the RECORD.

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

THE PRESIDENT'S CABINET—WILLIAM ROGERS: THE MOST RELAXED VIP SINCE CORDELL HULL

(EDITOR'S NOTE.—Since President Nixon took office last January the 12 members of his official family, the Cabinet, have by now had occasion to test their mettle with Congress and in the fires of national debate. This is another in a series of profile-assessments of how each of these men has fared in his job.)

(By R. H. Shackford)

William Pierce Rogers, the most relaxed Secretary of State since Cordell Hull speaks rarely in public—either in speeches or press conferences. And when he does, he speaks softly.

"I think I have the right personality for our times," he says. "That doesn't mean I am not firm. You don't have to acquiesce in the demands of others to get along with them. But you don't have to be abrasive either."

The Secretary of State's name is not a "household word" and Mr. Rogers seems to hope it never will be.

This attitude makes Mr. Rogers a bit of an enigma. Even within the Administration, Mr. Rogers has acquired a unique reputation. Some say, half jokingly, that he seems to be the only high official who was listening when President Nixon appealed to Americans in his inaugural address to "lower your voices" and to abandon "inflated rhetoric . . . angry rhetoric . . . bombastic rhetoric."

At the end of 10 months as the President's chief adviser on foreign affairs, Mr. Rogers never has violated that Inaugural appeal—either in public or, his associates say, in private.

HE DOESN'T LECTURE

Another favorite Rogers dictum, which has made him popular with American and foreign diplomats, is: "I don't lecture." He is proud that he and Soviet Minister Andrei A. Gromyko got on a first-name basis at their meetings in New York in September.

Mr. Rogers' associates say he is an attentive listener and a sharp questioner.

He has started an unprecedented series of luncheons with groups of middle-echelon officers in the State Department to hear their views. In Hong Kong last summer he spent hours listening to America's top China watchers, who over the years had grown accustomed to listening to lectures about China by Mr. Rogers' predecessors.

Mr. Rogers says he tried to talk Mr. Nixon out of appointing him Secretary of State because the appointment would be criticized on grounds of his lack of foreign affairs experience and because his long friendship and association with Mr. Nixon would invite a charge of "cronyism."

But the President thought a Secretary of State without preconceived ideas and not bogged down with years of involvement in the little wheels of foreign policy would be an asset. Furthermore, Mr. Nixon has promised during the campaign that in foreign affairs he, the President, would call the tune.

FINDS IT A CHALLENGE

Mr. Rogers now likes the job and finds it a challenge. He thinks his training as a big-time lawyer has been invaluable.

"The problems of foreign policy demand that you get at the heart of the matter, as in the practice of law," he says. "The important thing for a secretary is to weigh the evidence carefully before deciding. That's what a lawyer has to do."

He has great respect for the expertise in the State Department. But he adds: "I accept nothing from anyone as gospel."

Mr. Rogers' associates are getting accustomed to his asking unorthodox and unexpected questions. During a recent discussion about U.S. policy toward a military dictatorship in Latin America, Mr. Rogers is said to have startled his experts into silence.

What is U.S. policy, he asked, when a military dictatorship that has acquired power by force starts doing for its own people what we have been unsuccessfully urging more democratic regimes to do?

A veteran diplomat replied: "No one has ever asked such a question before."

Mr. Rogers confirms that in contrast to his predecessors he is not an "ideological" animal. He points to "the mistakes (rigid ideology) has led us into." He cites the now disproven ideas about the non-viability of South Korea, mistaken estimates of Communist China, "Monolithic communism," fears of the early 1960's that such countries as Ghana and Indonesia had been "lost" to communism.

Today, he says, the United States must learn to work with other nations and avoid a domineering approach.

AFFABLE MANNER

Although all of the world's intractable problems cross his desk, Mr. Rogers maintains an affable, unflappable manner and a keen sense of humor. He loves to tell this story:

"Each morning I am briefed on overnight developments. They usually include coups, downfall of governments, assassinations, new attacks in the Middle East, etc. Almost always only bad news.

"One morning I asked the briefer if there were any good news.

"The briefer replied: 'No. But there is some bad news for which we are not responsible. The Aswan Dam is leaking!' "

The Aswan Dam was built by Russia for the United Arab Republic after the United States declined to finance it.

Mr. Rogers would be the first to admit it is much too early to tell what kind of a Secretary of State he will be. He has not yet been put to a crucial test. There have been no major crises since he took over in January.

A minor one occurred when an EC–121 military plane was shot down by North Korea, a nation President Nixon as a candidate had disdainfully tagged as fourth-rate.

The story goes that with the ill-fated Pueblo incident in mind, the President's initial reaction, with encouragement from others, was to strike back. Mr. Rogers recommended against, saying: "In international affairs the weak can be rash, the powerful must be restrained."

The conventional wisdom here is that when Mr. Nixon faces a major crunch in foreign affairs—his "seventh crisis"—he will turn to his old friend and legal and political counselor Rogers for key advice. In the meantime, White House adviser Dr. Henry A. Kissinger may seem to be more influential.

FRICTION IS DENIED

Mr. Rogers denies any friction between him and Dr. Kissinger. He laughs when reminded that former Secretary of State Dean Acheson recently said he would quit as Secretary of State rather than tolerate Dr. Kissinger's "little State Department" setup in the White House.

"If Dean Acheson were Secretary of State today," Mr. Rogers says, "he would have to have such a White House setup to coordinate foreign affairs and problems that come to the President from many directions."

"Mr. Rogers doesn't like to talk much about Vietnam. He vowed on becoming secretary to avoid getting bogged down in the minutiae of hour-to-hour Vietnamese problems.

For example, he does not clear every word that goes to the U.S. negotiators in Paris. "That's Bill Sullivan's job (William H. Sullivan, former Ambassador to Laos)," he says.

Mr. Rogers keeps track of the major Vietnam developments and, if and when there are major breaks, moves into the picture.

Among Mr. Rogers' long-range hopes is to better U.S. relations with China and to begin implementing the new Asian policy President Nixon enunciated at Guam—diminishing U.S. involvement in Asia. He thinks little movement toward disinvolvement can occur until the United States gets the Vietnam war off its back. Nor does he think there can be much change toward China until after Mao-Tse-tung dies. But he is determined to try to lay as much groundwork as possible before Mao dies to be in a better position to deal with Mao's heirs.

Before he took the oath as Secretary he started talking about the overpowering U.S. image abroad and the U.S. tendency to indulge in the "hard sell." He still subscribes to what he said in early January:

"When you have tremendous national strength, you don't have to be loud, you don't have to be everywhere or say everything there is to say. It might be better to be more relaxed and a little less obvious."

Some say this philosophy may explain why Mr. Rogers, sometimes seemingly alone, adheres to the almost forgotton presidential admonition "to lower your voices."

NO MORE ASIAN WARS

Mr. MANSFIELD. Mr. President, as long as this is "Being Kind to Republicans Day on the Part of Democrats," I note another story in the Washington Daily News of November 27, 1969, relating to the distinguished Secretary of State, William P. Rogers. The article comments on a television interview which the Secretary had with the National Education Television Network. In that interview, when asked about whether or not Laos would develop into another Vietnam type conflict he said:

The President won't let it happen.

Continuing, he said:

I mean we have learned one lesson, and that is we are not going to fight any major wars in the mainland of Asia again and we are not going to send American troops there, and we certainly aren't going to do it unless we have the American public and the Congress behind us.

Mr. President, it is my further understanding, and I have seen a copy of the interview, that the Secretary said in response to a question covering withdrawal of United States troops from Vietnam, that the trend is "irreversible."

I do not have the source of that statement at my disposal here but I am quite sure that it is a correct reference and I believe that it can be easily established.

Mr. President, I ask unanimous consent to have the editorial printed in the RECORD.

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

ROGERS: NO MORE ASIAN WARS—"THE PRESIDENT WON'T LET IT HAPPEN"

Secretary of State William P. Rogers said last night the United States does not intend to fight any more wars on the Asian mainland or send U.S. troops there.

Asked in a TV interview whether U.S. aid to help Laos combat communist incursions might lead to U.S. involvement in another Vietnam-type conflict, Mr. Rogers said: "The President won't let it happen."

"I mean we have learned one lesson, and that is we are not going to fight any major wars in the mainland of Asia again and we are not going to send American troops there, and we certainly aren't going to do it unless we have the American public and the Congress behind us."

"But in any event we have no such plans," Mr. Rogers added. "We don't intend to."

Mr. Rogers was interviewed on a program broadcast nationally by the National Educational Television (NET) network last night, except for New York, Washington and Philadelphia where it will be telecast tonight.

He said President Nixon's policy for extricating the United States from Vietnam was proceeding "better than I would have anticipated."

The President's timetable for pulling out American troops may be "affected slightly" if the communists launch new offensives, Mr. Rogers said, but it cannot be seriously delayed "because we are quite convinced that the South Vietnamese are going to be able to take over the combat responsibilities."

The Secretary of State said he was encouraged by the positive attitude displayed by the Soviet Union at the strategic nuclear arms limitation talks which opened 10 days ago in Helsinki.

Mr. Rogers said American delegates at the talks reported that "the manner of dialogue is the best of any discussion they have had with the Soviet Union. They are serious, they are not polemical, and we are very encouraged by the general atmosphere."

But he discounted the possibility of early Soviet-American agreement on a mutual suspension of testing of multiple-headed nuclear missiles.

Mr. Rogers said neither side is certain as to how far the other has progressed in its testing, and "if we proposed too aggressively, they would think that we had completed our tests to a point where we didn't need any additional tests and they would be naturally suspicious. And vice versa."

MR. RUMSFELD AND THE OEO

Mr. MANSFIELD. Mr. President, there is another editorial in the same issue of the Washington Daily News entitled "Give Rumsfeld a Chance."

Donald Rumsfeld gave up his seat in the House of Representatives at the request of the President. I am afraid it took some arm twisting to get him to do so, to take over as Director of the OEO, a project which some call a boondoggle and others call a flop.

The antipoverty program, which deserves a better fate than it has received up to this time, and certainly a better chance under the directorship of Mr. Rumsfeld, is running into trouble, not so much from the Democrats in Congress but from his colleagues with whom he formerly served, who know the high type of man he is, and who knew his position questioning the OEO while he was a Representative. He is a man who, nevertheless, is trying to do a good and decent job at the request of the President of the United States.

Thus, I would hope—although I have no business, of course, discussing the affairs of the other body, but I think I do have some business saying a good word about Mr. Rumsfeld—that they would give Mr. Rumsfeld a chance and see if the potential for constructive change could not be developed by this outstanding former colleague of ours, to the end that he can bring about the necessary changes in the program which he desires. He has served as Director for only a few months and he is striving to make it a more workable program with less administrative overhead. He is striving to assure that the funds allocated by Congress to the OEO in large part will go to the deserving recipients and projects on a basis that affords more efficiency. I agree with the editorial. I hope we all give Mr. Rumsfeld a chance.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD.

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

GIVE RUMSFELD A CHANCE

Call it a flop or call it a boondoggle, the nation's $2-billion-a-year antipoverty program deserves a better fate than the one being cooked up by some overzealous reformers in the other body.

If this group has its way, Federal funds to help the poor will be channeled thru state governments—some of which are likely to be apathetic or even hostile to community action programs in the cities and rural slums.

Donald Rumsfeld, the new director of the Office of Economic Opportunity (OEO), opposes the state-control concept. And with good reason.

The former Illinois congressman was brought into OEO by President Nixon to make reforms of his own.

"He (Rumsfeld) has pledged to reform the OEO, and I think he should be given the chance to reform it," Mr. Nixon commented the other night.

The irony is that efforts to turn over the antipoverty program to the states are being spearheaded to a great extent by members of the President's own party.

This puts Mr. Nixon in the odd position of defending an agency dreamed up by liberal Democrats in the Johnson Administration against critics who normally would be considered part of the Nixon team.

There is hope, however, that a "compromise" can be worked out between Mr. Rumsfeld and House members who say they will vote against the proposed two-year extension of the present OEO setup.

It should be pointed out that community action—the technique of mobilizing the poor to solve their own problems—is not going simply to evaporate at the whim of Congress.

The grass-roots approach, abrasive as it may be to the old-time power structure, is a new fact of life in urban America.

And—despite the waste and false starts—not all the OEO program has been a failure.

So let's give Mr. Rumsfeld his chance. The potential for constructive change is there. It just hasn't been realized yet.

FOREIGN ASSISTANCE ACT OF 1969

The Senate continued with the consideration of the bill (H.R. 14580) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world to achieve economic development within a framework of democratic economic, social, and political institutions, and for other purposes.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Arkansas will state it.

Mr. FULBRIGHT. We did agree upon a 1-hour limitation, did we not?

The PRESIDING OFFICER. Yes, on the amendment offered, there will be a 1-hour time limitation, with the time to be equally divided between the distinguished Senator from Maine (Mr. MUSKIE) who is offering the amendment, and the chairman of the committee, the Senator from Arkansas (Mr. FULBRIGHT).

Mr. FULBRIGHT. I thank the Chair.

Mr. MUSKIE. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MUSKIE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The text of the amendment is as follows:

On page 87, line 9, strike "$420,000,000" and insert in lieu thereof "$390,000,000";

On page 87, between lines 9 and 10, insert the following new section:

"VIETNAMESE LAND REFORM

"SEC. 108. (a) The success of land reform programs in Vietnam is a material factor in the future political and economic stability of that nation, and the speed with which such programs are given effect may have consequences wiith regard to the termination of hostilities there. In order to support and encourage Vietnamese land reform programs, the President may make grants to the Government of Vietnam, out of funds appropriated pursuant to this section, for the purchase and shipment to Vietnam of goods and commodities, manufactured or produced in the United States, which, by their introduction into the Vietnamese economy, will contribute to sound economic development in Vietnam. Such goods and commodities (1) shall be of a type approved by the President for such programs; (2) shall include goods suitable for agricultural supplies and other business inventories in non-luxury enterprises; and (3) may be exchanged for bonds issued by the Government of Vietnam to compensate land owners whose lands are transferred to other persons under such programs, or used in such other way as the Government of Vietnam may determine, consistent with the purposes of this section.

"(b) In order to carry out the provisions of this section, there are authorized to be appropriated $80,000,000 for the fiscal year 1970."

On page 87, line 11 strike "108" and insert in lieu thereof "109".

Mr. MUSKIE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MUSKIE. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized for 5 minutes.

Mr. MUSKIE. Mr. President, yesterday, I submitted an amendment, with the same cosponsorship, which I explained at some length and to which the distinguished Senator from Vermont (Mr. AIKEN) and the distinguished chairman of the committee, the Senator from Arkansas (Mr. FULBRIGHT), responded.

Because of the questions raised during that colloquy, the amendment just called up represents a substantial modification of that which I introduced yesterday.

Perhaps I can explain it best by reading it. It is not very long:

The success of land reform programs in Vietnam is a material factor in the future political and economic stability of that nation, and the speed with which such programs are given effect may have consequences with regard to the termination of hostilities there. In order to support and encourage Vietnamese land reform programs, the President may make grants to the Government of Vietnam, out of funds appropriated pursuant to this section, for the purchase and shipment to Vietnam of goods and commodities, manufactured or produced in the United States, which, by their introduction into the Vietnamese economy, will contribute to sound economic development in Vietnam. Such goods and commodities (1) shall be of a type approved by the President for such programs; (2) shall include goods suitable for agricultural supplies and other business inventories in non-luxury enterprises; and (3) may be exchanged for bonds issued by the Government of Vietnam to compensate land owners whose lands are transferred to other persons under such programs, or used in such other way as the Government of Vietnam may determine, consistent with the purposes of this section.

(b) In order to carry out the provisions of this section, there are authorized to be appropriated $80,000,000 for the fiscal year 1970.

Mr. President, with respect to the funds authorized, this amendment represents a substantial reduction from the amendment I introduced yesterday. What I have proposed in this new amendment is that $30 million be deducted from the supporting assistance program, thus reducing it from $420 million to $390 million, and that $80 million be appropriated for this program. This represents a net increase of $50 million.

The $30 million which I strike from the supporting assistance program is, as I understand it, now related to land reform programs in Vietnam.

Mr. President, as I indicated yesterday, in my judgment, land reform is an important key to the resolution of hostilities in South Vietnam.

May I, in support of that conclusion, quote from a paper prepared by Mr. R. L. Prosterman, who worked with the Stanford Research Institute in making a survey of land turnover in Vietnam undertaken for AID in 1967 to 1968. I ask unanimous consent that the full text of this paper be printed in the RECORD.

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

BRIEFING PAPER ON LAND REFORM IN VIETNAM, SEPTEMBER 25, 1969

(By R. L. Prosterman)

(The following paper, written after my third extended trip to Vietnam to review progress in the land-reform area, concludes (1) that President Thieu is strongly pushing for adoption of a massive, workable and immediate land-reform program, one that promises to supply major new leverage at the Paris talks and to broaden markedly the base of the Saigon government, but (2) that substantial U.S. financial support for the program—whose maximum cost of $400 million equals 5–6 days cost of the war, spread over eight years—is essential if the Vietnamese landlords are to be prevented from eviscerating Thieu's proposals out of fear that promises for compensation will not be met.)

The largest single group in South Vietnamese society—the bulk of the rural population—is the tenant farmers. If the South Vietnamese government carries out massive land reform, as planned, prior to this year's main harvest (December-February), it will strike a vital blow at Viet Cong support in the countryside:

Bringing about a spectrum shift towards Saigon in peasant political loyalties.

Cutting down the motivation which still leads 40,000 peasant recruits a year into the Viet Cong.

Sharply raising the fighting motivation of the peasant recruits in the Saigon army.

Striking at the villagers' motivation to support the Viet Cong and North Vietnamese in a variety of ways—not only joining as recruits, but planting mines, performing reconnaissance, acting as porters, withholding intelligence from our side—that, directly and indirectly, are responsible for the vast majority of U.S. casualties (mines and booby traps alone *directly* cause over half the U.S. deaths).[1]

Because of the highly credible threat that it *will* accomplish a marked shift in peasant support towards the Saigon government, land reform supplies a powerful lever to move the communist negotiators in Paris towards good faith negotiation and a resolution of the conflict broadly acceptable to the American people.

The communists have mobilized peasant discontent with an initial stage of land distribution to spark every single revolution they have carried out (among the largely landless peasants of Russia, China, Cuba and Vietnam), and then have defeated the peasants' expectations through a subsequent and bloody process of collectivization; but a society of landowning peasants has never supported a communist revolution, and the genuine, non-communist land reforms that have occurred in six countries during the last half century (Mexico, Japan, South Korea, Taiwan, Bolivia and Iran) have consistently led to political stability. In two of those countries—Bolivia and South Korea—land reform has supplied a bulwark against

[1] Moreover, as to "main force" unit operations, and wholly apart from the substantial proportion of southern recruits (at least 30–40 per cent) still in those units: Since the main force communist units cannot carry with them the food and ammunition they need to launch attacks, and depend *absolutely* on the advance burial of supply caches at approximately one-day intervals along the line of march, there could quite literally be no main force operations if the villagers did not supply labor and porter services to establish the supply dumps, or if they commonly gave intelligence to our side concerning where the supply dumps were located.

direct communist attempts to start guerrilla wars in the 1960's. Again, in Malaya, Colombia and Venezuela, "spot" land reform programs directed specifically to landless groups among whom the communists had built support have helped crucially in the containment of guerrilla threats; and a central reason why dire predictions about guerrilla warfare in Thailand have *not* come true is that the great bulk of Thai farmers own the lands they cultivate (in Bolivia, South Korea *and* Thailand, over 90 per cent of the peasants own the land they farm; in the Mekong Delta, only 30 to 40 per cent).

Owner-farmers, historically, have made the world's least likely revolutionaries. Such owner-farmers, with a stake in the society and equipped with guns in local militia units to defend that stake, can supply the most potent response to the Viet Cong at the village level in Vietnam, and the *only* long-term assurance of a politically viable non-communist government in that country.

The proportion of farmers who have no land of their own in the Mekong Delta is rivaled only in three places in the world (Hukbalahap country in Central Luzon; Java, where the PKI regularly won elections for a decade; and Northeastern Brazil), and equals or exceeds that in pre-revolutionary China, Russia and Cuba.

The absolutely essential nature of land-reform in Vietnam—where 60 per cent of the people are rural, and most rural people throughout the country are tenants living on two-to-three-acre tracts, paying a third to half their crop in rent and living from year to year without security from eviction—has been recognized by virtually every serious recent work on Vietnam: by Bernard Fall, Joseph Buttinger, Douglas Pike, Richard Critchfield, William Corson and many others.[2] Today its importance has been fully recognized by President Thieu and by President Nixon, figuring centrally in the Midway communique and the later statement in Saigon, and forming the basis for three major steps by President Thieu in the last year:

(1) He has decreed a temporary end to the regime of "negative land reform", by which landlords formerly returned on the jeeps with ARVN troops to newly-secured villages, making "pacification" a nightmare game of landlords-return for peasants who had thought the land was theirs (sometimes for up to 20 years, going back to the original Viet Minh reforms). The stiffening of peasant support for the Viet Cong that this process brought about over the years undoubtedly cost thousands of American lives.

(2) He has accelerated the distribution of choice former-French lands and other lands which were taken over by the government under Diem's purported land-reform program, and were then allowed to be rented out by local officials who simply stepped into the landlord's shoes. Again, the total identification of Saigon with the land-renting process was deadly.

But now, the eviction of occupants in newly-secured areas has been effectively stopped during 1969 and at least until February 1970, while the collection of rents (a more clandestine activity) has been stopped in law, partially stopped in fact, and close to 90,000 acres of choice lands have been distributed between January and August to 25,000 families, while another 90,000 will be distributed, given the July-August pace, by year's end.

[2] In hundreds of depth interviews of Mekong Delta peasants carried out by the Stanford Research Institute in the AID-sponsored land tenure study in 1967–68 (for which I acted as land law consultant) the peasants listed land ownership as a vitally important concern three times as frequently as physical security and listed credit twice as frequently as physical security.

(3) The *biggest* step by far was the drafting of the "Land to the Tiller" bill and its presentation, in early July, to the lower house. This bill would affect *all* of the 3,000,000 acres of land that are cultivated by tenants or non-owners, and would make *all* Vietnamese peasants the owners of the land they till, promising to end the regime of tenant-farming for a million families in a drastically simplified and rapid way:

All land not tilled by the owner would be affected (so there would be no need to apply a "retention limit" under which each owner would have to make a "declaration" of how much he owns, with the onus on the administrators to find out if he is lying).

The peasant tilling the land would receive it *free* (so there would be no occasion for corrupt administrators to dun the peasant for payments and the message would be the simplest possible: you don't pay anything to anybody).

The effect would be *nationwide* (so that peasants tilling land in insecure areas could nevermore be goaded to support the Viet Cong with the threat that landlords would otherwise return: "negative land reform" would be gone for good).

Confirmation of title would come via a highly simplified village-level application procedure, involving only a few days' delay (and requiring neither the shifting of families, the shifting of present boundaries, nor the resurveying of the land).

Landlords would be fully compensated (20 per cent in cash, 80 per cent in 8 year inflation-adjusting bonds). The total cost would be $400 million, equal to between 5 and 6 days' cost of the war.

The bill represents one of the great non-communist land reforms of the Twentieth Century, comparable, for example, to those of Japan and South Korea. *The "Land to the Tiller" program, however, is in deep political trouble, and unless it can be salvaged in the next 60 days, the opportunity will be lost of having the tenancy system ended before the main harvest that begins in December and ends in February; the impact, at best, will then be delayed by a full year, a year during which seven to ten thousand American men will die.*

The basic trouble is that the South Vietnamese landlords do not trust the bonds. Because of this, they used their influence in the lower house to eviscerate the bill, and even then added a provision boosting the cash portion of compensation from 20 per cent to 60–70 per cent.

Now the upper house is considering the bill, which President Thieu has asked to be amended back to its original strong version. Under Vietnamese law, the upper house amendments, if any, will prevail unless overridden by two-thirds of the total membership of the lower house; and even then President Thieu can amend, and will prevail unless his amendments are overridden by a majority of the joint membership of the two houses. But whether the upper house amends, and—if not—whether President Thieu amends and is not overridden, *depends crucially on the credibility of the compensation to the landlords.*

We are talking about a program that represents essentially the last new thing "in the pipeline" to change the negotiating leverage in Paris or dramatically broaden the base—with real *program,* not just by shuffling faces, nearly all of which are unknown to the peasants anyway—of the Thieu government. *But a clear signal of U.S. support for a substantial part of the $400 million cost is urgently needed if this program is to remain politically viable in South Vietnam.*

My recommendation is that we make clear, *now,* that we are willing to support the program with:

(1) $200 million worth of U.S. commodities, shipped over a four-year period, with preferences for shipment direct to ex-landowners against "payment" with the bonds, and for shipment of commodities that improve the agricultural sector (and get the ex-landowners actively involved in new commercial enterprises) such as fertilizer, insecticide, water pumps and building materials;

(2) a further $50 million in U.S. commodities over the first two years of the program (so the pattern of (1) and (2) combined would be Year 1—$75 million; Year 2—$75 million; Year 3—$50 million; Year 4—$50 million), except the bonds received for these commodities would not be cancelled as a subsidy but would be paid off by the GVN, with the counterpart funds thus generated used to support agricultral credit—direct loans or guarantees of loans—made to the small farmers, who today pay *average* interest rates of 60 per cent a year; and

(3) for those ex-landowners who wish to continue to hold the bonds, an underlying U.S. guarantee of payment of the principal and interest on the bond issue, except with the understanding between the U.S. and GVN that the latter remains liable to us for any outlays—commodities plus bond-guarantee payments—made in excess of an over-all $200 million subsidy level (in this way, the U.S., rather than the landowners personally, would bear the risk of a GVN political or financial collapse as it affects the bonds).

The maximum cost of the program to the U.S. under these proposals would be some $400 million, spread over an eight-year period; the expected cost would be $200–250 million, spread over four.

The late Bernard Fall wrote in 1967 that, in Vietnam, land reform is "as essential to success as ammunition for howitzers—in fact, more so." It costs a lot less than ammunition for howitzers; but it saves American lives just as surely, and it may shorten the war by many months.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. MUSKIE. Mr. President, I yield myself 3 more minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized for 3 additional minutes.

Mr. MUSKIE. May I read these excerpts from the report:

The largest single group in South Vietnamese society—the bulk of the rural population—is the tenant farmers. If the South Vietnamese government carries out massive land reform, as planned, prior to this year's main harvest (December–February), it will strike a vital blow at Viet Cong support in the countryside:

Bringing about a spectrum shift towards Saigon in peasant political loyalties.

Cutting down the motivation which still leads 40,000 peasant recruits a year into the Viet Cong.

Sharply raising the fighting motivation of the peasant recruits in the Saigon army.

Striking at the villagers' motivation to support the Viet Cong and North Vietnamese in a variety of ways—not only joining as recruits, but planting mines, performing reconaissance, acting as porters, withholding intelligence from our side—that, directly and indirectly, are responsible for the vast majority of U.S. casualties (mines and booby traps alone *directly* cause over half the U.S. deaths).

Because of the highly credible threat that it *will* accomplish a marked shift in peasant support towards the Saigon government, land reform supplies a powerful lever to move the communist negotiators in Paris towards good faith negotiation and a resolution of the conflict broadly acceptable to the American people.

These excerpts from that report underline my motivation in offering this amendment.

May I read another excerpt from that report, which has to do with the bill now pending in the Saigon Assembly, dealing with the subject of land reform which is entitled, "The Land to the Tiller" program?

The bill to which I refer, and I quote now from the report: "represents one of the great non-Communist land reforms of the 20th century, comparable, for example, to those of Japan and South Korea. The 'Land to the Tiller' program, however, is in deep political trouble, and unless it can be salvaged in the next 60 days, the opportunity will be lost of having tenancy ended before the main harvest that begins in December and ends in February. The impact at best will then be delayed by a full year, a year during which 7,000 to 10,000 American men will die."

Mr. President, this is how important I regard the present effort at land reform in Saigon. I think we have a responsibility in this Congress to do what we responsibly can to give impetus to that land-reform program and to do it before the main harvest which will be conducted from December through February.

Mr. President, this is a small price, representing an additional $50 million to this foreign aid bill, to indicate our concern for this program and our desire to make it work.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUSKIE. I yield myself 2 additional minutes.

Mr. President, what is involved is a resolution of the political difficulties in South Vietnam, the possibility of broadening the popular base of that government, the possibility of expediting an end to the war, the possibility of reducing the number of days and weeks during which American boys and Vietnamese boys will die.

This is how important I regard land reform. My opinion in this regard is supported by every knowledgeable person in South Vietnamese affairs.

Over the past quarter of a century, Bernard Fall, now gone, identified this as the root cause of the political unrest and instability in South Vietnam. He always regarded this objective as the indispensable resolution of the restlessness, the militancy, and the violence which is responsible for our presence there now, at a cost to our Treasury and at a cost of American lives.

An additional $50 million is a small and insignificant price to pay for whatever impetus it can give to the land reform program now pending before the legislature of South Vietnam, and I urge my colleagues' support for it.

I am happy at this time to yield to my distinguished colleague from Oregon (Mr. PACKWOOD).

How much time does the Senator desire?

Mr. PACKWOOD. May I have 10 minutes?

Mr. MUSKIE. I yield 10 minutes to the distinguished Senator from Oregon.

Mr. PACKWOOD. Mr. President, when we talk about a land-reform program, when we talk about Vietnam specifically, I think it is perhaps necessary, before we look at Vietnam, that we look back at some of the land reforms that have taken place in this century in some countries. Some of them have been bloody and revolutionary; some of them have been instituted by decree and by dictators; but in all instances, when they have finally been instituted and put in effect, that country has achieved a degree of stability—not necessarily richness, but a degree of stability—that other countries without land-reform programs do not have.

Mexico, by reovlutionary means, instituted a land reform program early in this century, and now has a degree of political stability that probably exceeds that of any other country in Latin America.

We need only look at the examples undertaken after World War II.

In Japan, a land reform program was instituted by General MacArthur by decree.

In Korea, it was instituted by Syngman Rhee, by decree, which was begun in 1947 and finished in 1949. So when the Communists invaded South Korea in 1950, the one thing the U.S. forces who were used in helping to fight that war did not have to contend with was a fifth column of South Korean personnel who were overtly or covertly supporting the North Koreans. They supported their government, basically because they owned land, and it was the only piece of action they were going to have in that country.

Then let us go to Formosa, where Chiang Kai-shek learned a lesson he had not learned on the mainland. When he undertook land reform on Formosa, it was a model land-reform program in Asia and transformed that island into a relatively peaceful and relatively stable country.

Or we can look at Iran, where the Shah, after perhaps a few years of contemplation and fiddling around, instituted land reform and undertook it almost with a vengeance, and again by decree—a land-reform program so sweeping that he sits on his throne without any fear of peasant revolt, because, again, the peasants in that country have the only piece of action they are likely to have in a relatively poor country, and that is land.

We come now to Vietnam, a country of 16 million, 10 million of them being farm families, and half of them, 5 million, living on tenant farms. They pay anywhere from 5 to 10 to 60 percent of their crop in land rental every year. The landlord provides no credit, no seed, no fertilizer, nothing, and the tenant has no tenure. He can be kicked off the land at any time—hardly a system to win the support of the peasant people for the central government.

As we fight up and down the hamlets and the towns of Vietnam, we find that the Communists move into an area, take it over, and theoretically grant land reform; they give land to the peasant. He pays a tax or collection on it, but he thinks it is his, and the Communists tell him he has the benefit of land reform. Mr. President, you and I know that it is not; that it is phony; that after the Communists have taken over the country, they will probably liquidate the peasants, as they have everywhere else. But the peasant does not realize that.

As U.S. forces move in and occupy the land that was under land reform, we make the peasants move over and make the tenants pay land rent to the landlord, as they did under the previous system—hardly a system calculated to win their support for our system.

So that is why in South Vietnam most of the tenant farm peasants covertly support the Vietcong. That is exactly what led to the massacre at Mylai. Our troops, day after day, were being bombed, were running into booby traps, fighting the men and women who were supporting the Vietcong. They were shot at simply because the peasants thought they were going to get a better deal from the Communists. It is easy to understand why they feel that way.

All we are asking by this amendment is a chance for the Thieu government to be able to understake what it has not been able to undertake to date; that is, adequate land reform. The reason the government cannot do it is that General Thieu does not quite fit into the dictatorial position or revolutionary position of leaders of other countries who have undertaken land reform in this century. He cannot by decree compel land reform. He has the opposition of the landlords, and they have one basic reluctance. They know they are not going to be in any kind of position if the Communists take over. They will get nothing. But the one reluctance they have to land reform is that they are afraid they are going to be paid in some kind of worthless government bonds that can never be negotiated or sold, and that their land is going to be confiscated.

All we seek to do by this amendment is, not to dictate the terms of land reform, not to dictate that they have to undertake it, but simply to tell President Thieu, so that he will have power in dealing with the assembly, that he has the financial leverage to be able to say to the landlords, "We are going to be able to guarantee compensation for the taking over of your land." With that carrot—and that is all he needs—we can see an adequate land reform program undertaken in South Vietnam.

I must agree with the distinguished Senator from Maine (Mr. MUSKIE) about the urgency and immediate necessity. The principal rice harvest is now going on. The land-reform program can be undertaken almost immediately.

Three years ago, in reference to the contract with the Stanford Research Institute survey in Vietnam, the Senator from Maine asked the question, "Can it be done? How much will it cost? How soon can it be done? How soon can it

be put into effect?" He referred to Prof. Roy L. Prosterman, who is the architect of that plan. The report said it can be done.

All the arable land in South Vietnam—all of it—can be purchased for $500 million, and the program can be put into effect immediately. The only reason why it has not been put into effect is not the reluctance of President Thieu, who is not a member of the old land-owning class—he has no allegiance to the landowners; he does not own any significant land himself—the only reason he does not put the program into effect is that the U.S. Government has not pushed it; has not said, "We will give you the support necessary to undertake it."

So I am pleased to join the Senator from Maine today in asking that the Senate undertake this relatively minor and relatively inexpensive step, in comparison with the billions of dollars we have put into that country in terms of military weapons, and that we undertake the one step and the only step likely to give the hapless peasantry in that country a feeling of solidarity and a willingness to support the government in Saigon. Without that feeling, we can stay there for 20 years, if we will, and will not be any further ahead than we are right now. The very least we can do, if we are going ahead with the Vietnamization program, is to give the government that remains the peasant support that it needs to keep itself in power.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. I yield myself 1 minute.

Mr. President, I should like to comment upon the statement of the distinguished Senator from Oregon, who, I think, has given a most articulate and clear explanation of what it is we are trying to do.

I find it difficult to understand the reluctance to commit $50 million of American money, after all of the billions of dollars that we have poured into that country, for this objective which, more than any other single objective, can contribute to a political settlement of the problems in South Vietnam. I, too, find it difficult to understand, for the reasons which the distinguished Senator has so well spelled out.

Mr. SAXBE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator's minute has expired.

Mr. MUSKIE. I yield to the Senator from Ohio 1 minute.

Mr. SAXBE. Mr. President, I should like to support the amendment. I feel it is represents a beginning on a practical approach to our international problems.

We are the biggest supplier of military arms in the world, and we have taken an attitude that we can support governments—many times dictatorships—because they offer us some kind of friendship, and we support them by supplying them with vast amount of military arms.

This is a mistake. I believe that we can best support free governments in other countries—not just Vietnam, which we are talking about now, but many other countries in our own hemisphere—by providing some means whereby we can put the average peasant in control of his destiny to a little degree. I do not mean we should dictate to them how they do it, but I think we should help them where it is possible to help them.

It is reported that Che Guevara said that the biggest difficult he found in Bolivia was the stolid indifference of the peasants. Why? Because they had had a very small degree of land reform.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SAXBE. My time has expired.

Mr. MUSKIE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Maine has 9 minutes remaining.

Mr. FULBRIGHT. I yield myself 1 minute.

Mr. SAXBE. Just a minute, and then I will yield to the Senator on his time.

Mr. MUSKIE. One minute.

Mr. SAXBE. The reason I feel we should do this is that we could avoid further situations similar to Vietnam by this practical approach. The President is provided with large discretion. This approach means that the bonds that are issued will be issued for goods, and not for water materials. I believe it is the a beginning on trying to help the countries where land reform is needed—the poor agricultural countries of the world.

I yield to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, does not the Senator know there is $420 million for supporting assistance in this bill?

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. FULBRIGHT. I yield myself 2 minutes.

All we would be doing here would be adding $50 million in additional appropriations. There is nothing to restrict the use of the money already provided. As a matter of fact, $30 million of that money already provided is tentatively committed to this purpose, in the sense that if the people in Vietnam pass a satisfactory law in this area, we would supply the money.

All the Senator is doing is using this as an excuse to increase the appropriation for support and assistance. That is all his amendment does. If the amendment is not agreed to, that does not mean there is no money in the bill for that purpose. In either case, however, probably nothing will come about in the way of land reform in Vietnam.

As far back as the time of President Diem, in 1957, they were talking about land reform, and we supported it. This has been a boondoggle in the past. Everyone agrees this land-reform idea is good, just like stopping drinking and smoking; but they never do anything about it. Now all the Senator is doing is trying to put an increase of $50 million in the bill.

If land reform is as important to them as the Senator thinks it is, there is money in the bill to do it. I do not understand why it is necessary to add another $50 million. I do not see it that way. The money is available. If Senators want to put $50 million more in the bill—I do not think they will—that is what they will be doing.

Moreover, my impression is that a large part of the land in question belongs to the French. The French still own the great plantations.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CHURCH. Mr. President, will the Senator yield to me?

Mr. FULBRIGHT. I yield the Senator from Idaho whatever time he wishes.

Mr. CHURCH. Mr. President, first of all, I wish to make clear that I wholeheartedly approve the objective of land reform in Vietnam. I think it would be exceedingly helpful if a land reform program were adopted by the Saigon government, and implemented in a forthright and determined way. I applaud the motive of the Senator from Maine in offering his amendment today.

However, as the chairman has stated, land reform is not a new idea for Vietnam. I can recall offering a resolution in the Senate back in 1963, calling upon the Saigon government to institute a program of land reform. That was during the regime of Ngo Dinh Diem. Now, these many years later, having invested an enormous fortune of blood and treasure in what has now become the longest foreign war in our history, we are still talking about the need for land reform in Vietnam.

We could have purchased Vietnam many times over—all of it—the entire country and everything that is in it—for the money we have spent on this war. Yet today we are still talking about the need for land reform.

The obstacle to land reform is not the lack of money supplied by the United States over the years. The obstacle to land reform is not in Washington. The obstacle is in Saigon. It is not for the lack of money that land reform has not been achieved; it is for the lack of resolution in Vietnam itself.

I must concur with the chairman when he says that, after years of fruitless effort to persuade Saigon to adopt meaningful land reform, and to provide the money for that purpose, all that this amendment will do is to add another $50 million to the aid program. Already the bill provides money for land reform. More money could easily be made available if and when the Saigon government ever overcomes indigenous opposition to the program.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. CHURCH. I shall yield in a moment.

Our experience with the Alliance for Progress in Latin America, our experience in Vietnam, and in other countries where we have attempted to induce foreign governments to undertake drastic internal reforms, make it plain that such reforms occur only in those cases where there is a disposition within the country to effect them. They cannot be purchased by American money furnished

from without, and they cannot be achieved through the insistence of the Government of the United States.

Therefore, I shall vote against the amendment.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. GRIFFIN. Mr. President, the Senator talks about the importance of achieving land reform, and says that there is a lack of resolution in South Vietnam to take these steps. As I understand it, the Government of South Vietnam, particularly its legislative body, is very close to taking a step in that direction.

The additional $50 million involved in this amendment will not be spent unless there is the resolution on the part of South Vietnam which the Senator from Idaho is talking about. If the South Vietnamese Legislature does not pass the legislation—if they do not take steps to achieve land reform—then we are doing nothing so far as this amendment is concerned. However, we would be indicating our support.

Such support would be absolutely necessary if any meaningful program of land reform is to take place. Will the Senator not agree?

Mr. CHURCH. There is already money in the bill for this very purpose. If, after so many years, the government in Saigon finally overcomes the vested interests within that country that have so long resisted land reform, if these obstacles are overcome, there is money in the bill. I am sure that we can find other money as well.

There simply is no need to add another $50 million when no program for land reform has even been enacted in South Vietnam.

I understand that we have reached a point in Vietnam where we are quite willing for the United States to pay for everything that happens there.

No one even suggests that the Vietnamese should pay for their own land reform program. Naturally, we must pay for it. That is the purpose of the amendment.

But there is already money enough in the bill.

The amendment is unnecessary.

Mr. FULBRIGHT. Mr. President, I yield 10 minutes to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. AIKEN. Mr. President, what I wish to say is not directly in connection with the amendment offered by the Senator from Maine, although it might be used as a good example for what I have in mind.

The PRESIDING OFFICER. Will the Senator suspend until the membership gives him an opportunity to be heard?

The Senator from Vermont has attempted to speak over the conferences that prevent even the Presiding Officer from hearing the Senator from Vermont.

Will the Senators please cooperate with the request of the Chair? The Senator from Vermont wishes to proceed.

The Senator may proceed.

THE DANGERS OF MORAL AGGRESSION

Mr. AIKEN. Mr. President, the role of the Senate to advise the President in the conduct of foreign policy and to grant or withhold its consent to treaties is one of the most precious powers of this body.

At a time when most parliaments in the world have either been suppressed or shorn of most of their real powers, we must cherish ours.

Democracy may not be an ideal form of government, but for us it is an absolute necessity.

I have never thought that this precious power gave to us the right or duty to use the legislative process to impose our moral view on other nations—to intervene in the political and legislative processes of other nations on behalf of this faction or that.

Yet increasingly under the umbrella of this legislation called foreign aid, we have tried to do just that.

What started out to be an important and a generous instrument to promote U.S. foreign policy has become a kind of diplomatic pork barrel and a subsidy to American industry.

This is a dangerous situation.

It amounts to interpreting "advise and consent" as "oppose and contend."

If the Senate were just a forum for discussion, we might be able to indulge our moral indignation much more freely than we can afford to do in this body now.

But here in the Senate, if our ideals are to be effective, they have to be rooted in real interests—real American interests.

We have real powers and also real responsibilities.

This is one of the lessons we should have learned from our unhappy experience in Vietnam.

I have said many times that our cardinal mistake in Vietnam was to fail to see that the weight of our military intervention was bound to prevent the very self-determination that we so loudly proclaimed we wanted to preserve.

The President's Vietnamization policy is an acknowledgment of that fundamental error.

But it is not only the weight of our military intervention that has prevented self-determination in that country.

We have compounded our error by succumbing time and time again to the temptation of trying to legislate the morality of the authorities in Saigon whose self-determination we have supposedly been trying to preserve.

When elections were held in South Vietnam in 1967, loud voices in this country were raised to discredit them even before they were held.

When the Paris peace talks began, other voices strongly urged that we use our influence to undermine those elected authorities in Saigon in the name of reaching some political accommodation.

And through the medium of this foreign aid bill we have time and time again attempted to use our powers to dictate the kind of government policies South Vietnam should adopt.

The fact that about one half of all the U.S. nationals employed by AID overseas are now working in South Vietnam or Laos makes a mockery, I fear, out of all the noble aims that originally inspired the ancestors of this tattered and tired bill.

It is no wonder that there is a revulsion in the country because of our intervention in the affairs of nations abroad.

We do not have to look for immoralities in Saigon to find the reason, plentiful though they may be. We have been our own worst enemy in that corner of the world.

Those who would intervene in the national politics of other countries must answer the question, "What rational American interest is being served?"

No ideal can be effective unless it is rooted in such an answer.

No amount of moral indignation can excuse us from determining what our real interests are.

When moral indignation alone is coupled with appropriations and legislative restrictions which amounts to giving other nations their marching orders—then we are practicing moral aggression.

And a government that believes its moral view of world affairs is the only true and valid view can only be a deterrent to world peace.

It is not just in Vietnam that we have been morally aggressive under the guise of providing foreign aid.

Much of the talk surrounding this subject and many amendments to the legislation reflect this view.

I maintain that we should approve this authorization bill for this year since it is our basic responsibility to continue appropriations through next July at least.

I hope that this will be the last time we will be asked to treat these vital and delicate international matters in the manner we have done this year.

We must restrain the temptation to use the foreign aid bill to commit moral aggression lest we end up in a country doomed to moral isolation.

In order to make our ideals effective in world affairs, we have to accent the rational dimension in foreign policy and curb our moral pretensions.

If we are to continue to help finance development projects in those countries deep in mass poverty—and I think we should in some appropriate form—then let us have legislation presented for that purpose and not intertwined with matters that have no real relationship with development finance.

If it is our real interests to give economic or military assistance to other governments—even governments that do not reflect our democratic ideas—then let us have legislation that makes those interests so plain that we will not be constantly tempted to pass judgment on the governments we are helping.

This legislation used to express the moral dimension in our foreign policy in ways consistent with our real interests.

It no longer does.

Instead it represents a combination of our frustrations and guilt feelings over past errors and the kind of cynicism so

apparent in the phrase "pork barrel legislation."

It is in our vital interests to lead in keeping the peace, but it is not in our interests to try to exert either a moral or a political domination over other governments.

No innocence can protect us from the consequences of our interventions, however good we feel our motives to be. For after we have finished telling other governments what they ought to do to meet our standards of morality or political wisdom, we are certain to end up finding these same governments telling us what we must do to save our face, if not the lives of thousands of young Americans.

Mr. President, as far as this amendment goes, what it does is to take $30 million from the fund which was used to enable us to get the troops out of Vietnam, and it adds $50 million to other parts of our program. Therefore, if one wants to use this money to help get the troops out of Vietnam, then it would not be wise to vote for this amendment. If one wants to keep the troops in Vietnam indefinitely, then he should vote for the amendment.

Mr. FULBRIGHT. I yield 5 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 5 minutes.

THE VICE PRESIDENT AND SENATOR GORE

Mr. GORE. Mr. President, on yesterday I wrote and had hand-delivered to the office of the distinguished Vice President of the United States a letter which I desire now to read:

DECEMBER 11, 1969.

Hon. SPIRO T. AGNEW,
Vice President of the United States,
Washington, D.C.

DEAR MR. VICE PRESIDENT: I tried to contact you in the Capitol yesterday before making some remarks in the Senate but was unable to do so. Your office door was closed so eventually I slipped under the door a copy of the text of my remarks for your attention. I hope it reached you.

In any event, I respectfully attach hereto a tear sheet from the Congressional Record of yesterday to which I call your attention.

Several TV stations and hookups have contacted me offering time for a discussion between us along the lines of the subject of my address yesterday and of your address to the American Farm Bureau Federation. My response to them has been as I said on the floor yesterday:

"Now, if the distinguished Vice President should find a mutual discussion agreeable, then I would respectfully leave entirely to him the choice of place, time, or forum, though I must say I would prefer Tennessee. Should Tennessee be favorably considered, the grass is usually green and the buttercups out about April 15; the foliage golden and beautiful in late October."

Your consideration and advice in these premises will be appreciated.

Respectfully yours,

ALBERT GORE.

Mr. President, the distinguished Vice President has demonstrated a remarkable penchant for debate, and one so talented with outspoken tendencies as he, I am sure, would prefer to conduct debate face to face instead of by long distance. I am sure, too, that the distinguished Vice President, loyal to his Chief as he is, would be willing to follow the admonition of President Richard M. Nixon, who only a few days ago eloquently referred to the right of the people to know. Indeed, he said that it was partly to the failure of the previous administration to "lay it on the line" that there had been so much public misunderstanding.

There too, Mr. President, as late as November 20, the distinguished Vice President, himself, said in a speech:

When their criticism becomes excessive or unjust, we shall invite them down from their ivory towers to enjoy the rough and tumble of the public debate.

Mr. President, the people do have a right to know. It is their country. It is their government. It is they who pay the taxes. They have a right to know the facts about the taxes they must pay, whether they are fairly levied according to ability to pay or by favor and preference.

The distinguished Vice President has three times referred critically and personally to the senior Senator from Tennessee—one time, in fact, making a pun upon my name. I honor my name, which I inherited. These tactics can be excused, but we cannot excuse the right of the people to know. The people have a right to know, and the Vice President factually misinformed the people about the Gore amendment.

So I would like to convey to the distinguished Vice President that I am not in an ivory tower—never have been. I am down in the arena, waiting, growing a little lonely.

So, Mr. President, in your own words, come down from your ivory tower and enjoy the rough and tumble of public debate. Let us let the people know.

FOREIGN ASSISTANCE ACT OF 1969

The Senate continued with the consideration of the bill (H.R. 14580) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world to achieve economic development within a framework of democratic economic, social, and political institutions, and for other purposes.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the debate on all amendments, with the exception of the Javits amendment submitted on yesterday, be limited to 1 hour, the time to be equally divided and controlled by the proponent of the amendment and the manager of the bill, and that the debate on final passage be limited to 2 hours, the time to be equally divided between the leaders or whomever they may designate.

This has been cleared all the way around.

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

Mr. MAGNUSON. Mr. President, will the Senator yield 2 minutes to me?

Mr. MUSKIE. I yield 2 minutes to the Senator from Washington.

Mr. MAGNUSON. Mr. President, I rise today in support of the amendment offered by the distinguished Senator from Maine. I recently introduced, on behalf of myself and seven other Senators, Senate Resolution 290, urging the Government of South Vietnam to enact needed legislation for land reform. I am hopeful that the National Assembly of South Vietnam will act expeditiously to enact legislation providing for swift and immediate land reform so that the great mass of South Vietnamese tenant farmers may gain ownership of the lands they till. Such legislation has been introduced in the National Assembly and has not yet been given the force of law. It is my hope that such a land reform program, if enacted in time, will have its impact during the forthcoming grain harvest in the Mekong Delta which will begin in December and continue through February. A major land reform effort can be of substantial assistance in ending the Vietnam conflict at an early date and in saving the lives of those now subject to the perils of warfare.

If the National Assembly of South Vietnam enacts a broad-based land reform program, some 7 million South Vietnamese now dependent on tenant farming under almost medieval conditions for their livelihood could receive virtually immediately the ownership of the land upon which they now toil.

It is my conviction that the South Vietnamese Government must act without delay to implement broad-based land reform if they are to secure the support of their people and if the people are to have confidence in the Government of South Vietnam. This action, which I believe so necessary, can be effectuated only by the people of South Vietnam. The people of the United States have paid dearly in an attempt to secure a greater measure of political freedom for the people of South Vietnam. The Government of South Vietnam must be prepared to take the necessary steps to assure a degree of economic freedom for its citizens as well.

It is my belief that land reform will help speed the date at which all American combat troops can be ordered out of Vietnam. Hopefully, this effort will strengthen the desire of the South Vietnamese peasants to resist. Land reform will provide the vital link that will give young peasants a "part of the action" in their own country.

It is my hope that the Senate will adopt the amendment of the distinguished Senator from Maine, indicating the desire of this country to aid the land-reform effort if enacted by the National Assembly. We cannot wait, because each day more American boys are dying in that tragic war. We must explore all options and avenues in de-Americanizing this war.

I ask unanimous consent to have printed at this point in the RECORD the text of Senate Resolution 290, to which I have referred.

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

S. RES. 290

Resolution relating to the support of the Senate for land reform in South Vietnam

Whereas most of the cropland in South Vietnam is presently vested in the hands of a privileged few; and

Whereas the South Vietnamese tenant farmer does not enjoy the privilege of land-ownership and the incentives and economic stability derived from such ownership; and

Whereas an effective program of land reform would enhance the economic and political security of the vast majority of South Vietnamese people; and

Whereas the Government of South Vietnam has not succeeded in implementing an effective land reform program; and

Whereas implementation of meaningful land reform in South Vietnam would substantially hasten the termination of armed conflict and the tragic loss of life being suffered by all parties in the conflict: Now, therefore, be it

Resolved, That the Senate recommends, urges, and supports the immediate formulation and implementation by the Government of South Vietnam of a broad-based, effective, and equitable land reform program for South Vietnam.

Mr. JACKSON. Mr. President, will the Senator yield me 2 minutes?

Mr. MUSKIE. I yield 2 minutes to the Senator from Washington.

Mr. JACKSON. Mr. President, I rise to support the substitute amendment No. 422 to the Foreign Assistance Act of 1969, which is aimed at encouraging positive action by the Government of South Vietnam in enacting and applying a thorough, effective, and democratic land reform program.

As my colleagues know, a large proportion of the people of South Vietnam make their living by tilling the soil and, like farmers everywhere, desire to own the land on which they work. It has long been obvious that a program to make it possible for landless farmers to become landowners would be in the best interest of the people of South Vietnam and contribute to their economic and political welfare. Yet past and present efforts to carry out a thorough-going program of land reform have not been successful. At this point, President Thieu's start on such a program has been bottled up in the South Vietnamese Legislature.

It is my view that the people of the United States have a proper and legitimate interest in encouraging the Government of South Vietnam to make substantial and rapid progress in extending the benefits of landownership to all of the citizens of South Vietnam who make their living from the land as a means of strengthening the economic and political foundations of the country's independence.

In that spirit, I urge the adoption of the substitute amendment offered by the distinguished and able Senator from Maine.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. MAGNUSON. Mr. President, I think we should call the attention of the Senate to the fact that many of us, at least my colleague and I, are somewhat proud of the fact that some of the greatest theses on this subject have been presented by Dr. Roy L. Prosterman, of the University of Washington, who spent a great deal of time in Vietnam and made many objective reports. I think if this step is finally taken by the Saigon government, he deserves a lot of credit for starting this movement.

Mr. JACKSON. Mr. President, I join the Senator in that regard. I also wish to commend the work of Dr. Roy L. Prosterman on behalf of American support of land-reform efforts by the South Vietnamese people. The practical and dedicated contributions to land reform by Professor Prosterman, associate professor of law at the University of Washington School of Law, constitute a notable public service.

Mr. FULBRIGHT. Mr. President, I yield myself 2 minutes.

Mr. President, the South Vietnamese have been promising land reform ever since we stepped in as the French left. After giving them $4.5 billion in economic aid over the last 15 years, we still have plenty of promises of reform but no results.

As long ago as 1957 in an official communique issued at Washington by the President of the United States there was this phrase:

Plans for agrarian reform have been launched, and a constructive program developed to meet long-range economic and social problems to promote higher living standards for the Vietnamese people.

Nearly every year since then we have had similar statements, always designed to elicit more money from the American Government.

It is true that there is a land-reform bill pending in the National Assembly. The United States, in fact, committed $10 million in fiscal 1969 and earmarked $30 million in fiscal year 1970 for it, contingent on a workable plan emerging. But with the landlords and moneyed classes controlling Saigon political life, I am no more optimistic that this bill's promises will ever be put into practice than I have been about those of the past.

The point is that the United States has already demonstrated its willingness to put up a large sum to carry out a land-reform program. The executive branch can allocate more from the $420 million in supporting assistance authorized in this bill, if it so chooses. The money is there. It is the will of the South Vietnamese that is lacking.

I suppose we could force land reform at least temporarily if we took over the Saigon government completely. But we have repeatedly been told by this, and the past, administration that self-determination is the U.S. goal in South Vietnam. We are already too deeply mired in Vietnam's internal wars—military and political—and to go the route the Senator from Maine suggested will only sink us in deeper.

I do not quarrel with the Senator's objective. I do not oppose land reform and think that it is a tragedy that the various Saigon regimes have not attached the importance to this as we—and the Vietcong—have. But, if there is one lesson we should have learned from Vietnam, it is that the Vietnamese must make their own decisions.

Mr. GRIFFIN. Mr. President, will the Senator from Maine yield to me for 1 minute?

Mr. MUSKIE. I yield.

Mr. GRIFFIN. Mr. President, from time to time we hear a great deal of criticism about the Government of South Vietnam and what it has, or has not, done. As a nation, it seems that we are constantly faced with a dilemma. If we seek to influence the Government of South Vietnam we are criticized by some; if we let them go their own way and do not assert ourselves, we are criticized.

I believe the amendment of the senior Senator from Maine, as it has been revised and as is now presented, takes a very reasonable approach. Under his amendment, we would not be dictating to the Government of South Vietnam but we would be making it clear that we support land reform in principle and that we are prepared to help achieve it.

I support the amendment of the Senator from Maine.

Mr. MUSKIE. Mr. President, I thank the distinguished Senator from Michigan.

I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. MUSKIE. Mr. President, I can generate as much cynicism about the situation in Vietnam and the failure of our efforts there over the years as any Member of this body, but applied to the arguments made against the amendment by the distinguished chairman of the committee and the distinguished Senator from Idaho (Mr. CHURCH). We cannot permit ourselves to be bogged down in our cynicism.

Anybody with an understanding of the problem in South Vietnam knows that land is at the heart of the future aspirations of the people and it has been the failure of Diem and succeeding governments there to deal with that problem that has prolonged the war.

Anyone who expresses the certainty that this amendment would prolong the war is completely without understanding of what we are dealing with there. We are dealing with a condition. We have in the South Vietnamese Assembly in Saigon a land reform bill. The question is whether now, after all the frustrations of the years, we use our efforts in the relatively piddling sum of $50 million to prod that bill loose, to move it toward the objective of achievement and realization.

There is a rice harvest in January and February. If we can accomplish this step before that harvest begins and if we could assure that this harvest would inure totally to the tenants and not the landlords, we would have taken a giant step toward ending the war.

We have poured billions of dollars into Vietnam. Here is an additional $50 million which this amendment would put completely in control of the President at his discretion. He need not spend it unless by spending it he can speed the enactment into law of the bill now pending in the Saigon Assembly.

Let us put our cynicism behind us. Let us put our doubts behind us, and let us take what little risk is involved in approving this $50 million. For years we have talked about taking risks for peace. Is this such an unconscionable risk to take toward that objective?

Mr. AIKEN. Mr. President, will the Senator from Arkansas yield to me for 1 minute?

Mr. FULBRIGHT. I yield 1 minute to the Senator from Vermont.

Mr. AIKEN. Mr. President, this appears to be an effort to take money away from the funds necessary to get our boys out of Vietnam and to divert it to American industry. I wish to read one line from the amendment which has been offered by the Senator from Maine:

> The President may make grants to the government of Vietnam, out of funds appropriated pursuant to this section, for the purchase and shipment to Vietnam of goods and commodities manufactured or produced in the United States, . . .

Mr. President, if that is not American industry getting its foot in the door again, I do not know what it is.

Mr. MUSKIE. Mr. President, I yield myself 1 minute.

Mr. President, I oppose the attack directed at the amendment by the Senator from Vermont. American industry had nothing to do with this amendment. We are undertaking to put together commodities which would appeal to South Vietnamese landlords as credible payment for their land. That is all that is behind the amendment. There is no intention to aggrandize American industry or the American commodities having appeal to landlords as payment for their land.

Mr. FULBRIGHT. Mr. President, I yield myself 1 minute.

The Senator speaks of our being bogged down in cynicism. It seems to me that could be applied the other way. The Senator really proposes to force those people to do what they promised to do years ago, by holding out more money when there is no reason to believe it will be any more effective now than it was under Diem.

The amendment would simply add more money to a bill which already has sufficient money to accomplish this purpose, assuming there is any reasonable ground to expect it will be used.

The bill already has $30 million in it but it is contingent upon the South Vietnamese Government enacting a bill that is reasonably designed to accomplish this purpose. It is that way because the administration obviously knows of the past disappointment. There is little likelihood the money would not be frittered away.

What they would really like are those goods, those imports which have the greatest appeal in the black market; it is the most active black market in the world.

The cynicism could be equally alleged to the Senator from Maine for thinking he could bribe a people in doing something new.

Mr. MUSKIE. Will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield to the Senator on his own time.

Mr. MUSKIE. I have no time remaining.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. FULBRIGHT. Mr. President, I yield to the Senator from Idaho (Mr. CHURCH).

Mr. MUSKIE. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. All time of the Senator from Maine has expired.

Mr. FULBRIGHT. Mr. President, I yield 1 minute to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized for 1 minute.

Mr. MUSKIE. I thank the Senator from Arkansas.

Mr. President, I do not see how the Senator from Arkansas can argue that the $30 million, which he says is provided under the bill for land reform, will be used any more irresponsibly than the $50 million my amendment provides. Where is the consistency in the Senator's observation?

Mr. FULBRIGHT. I did not put it in there for that purpose. I have no idea that it will be used any more effectively now than it was in the past. I am opposed to the proposed increase of $50 million. In fact, I am opposed to the authorization being as large as it is.

After all, the United States is having troubles of its own. In some areas we need reform as badly as it is needed in Vietnam. The Senator has made eloquent pleas for antipollution measures, and so forth, in this country, and then he comes in here and says that $50 million is a relatively piddling amount. I think that $50 million is a substantial amount in view of the dire necessities of this country. Yet, we seem to be so generous with our money when it comes to a foreign country.

Mr. MUSKIE. I meant with respect to the relative amount of money we have spent there.

Mr. FULBRIGHT. $4½ billion. It is high time we stopped doing that.

Mr. MUSKIE. The question is whether the Senator's position or my position is more likely to advance the end of the war.

Mr. FULBRIGHT. All the Senator is doing is adding $50 million to the bill. That is what the Senator is doing. He is not accomplishing anything else. There is nothing in the bill to prevent the $420 million in supporting assistance being used for land reform purposes. All the Senator is doing is using this as an excuse, because it has certain appeal to get votes, to increase the amount of the bill.

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

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Hawaii (Mr. INOUYE), the Senator from North Carolina (Mr. JORDAN), the Senator from Louisiana (Mr. LONG), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. JORDAN) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Iowa (Mr. MILLER), the Senator from Vermont (Mr. PROUTY), and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Kentucky (Mr. COOK) is detained on official business.

If present and voting, the Senator from Utah (Mr. BENNETT), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Iowa (Mr. MILLER) would each vote "nay."

The result was announced—yeas 33, nays 51, as follows:

[No. 224 Leg.]

YEAS—33

Bayh	Hart	Muskie
Cannon	Hollings	Packwood
Cranston	Hughes	Pastore
Dodd	Jackson	Pell
Dominick	Kennedy	Percy
Eagleton	Magnuson	Saxbe
Goodell	McGee	Schweiker
Gravel	McIntyre	Scott
Griffin	Metcalf	Stevens
Gurney	Mondale	Tower
Harris	Moss	Williams, N.J.

NAYS—51

Aiken	Ellender	Montoya
Allen	Ervin	Murphy
Allott	Fannin	Nelson
Baker	Fong	Pearson
Bible	Fulbright	Proxmire
Boggs	Gore	Randolph
Brooke	Hansen	Ribicoff
Burdick	Hartke	Russell
Byrd, Va.	Hatfield	Smith, Maine
Byrd, W. Va.	Holland	Sparkman
Case	Hruska	Spong
Church	Javits	Stennis
Cooper	Jordan, Idaho	Talmadge
Cotton	Mansfield	Thurmond
Curtis	Mathias	Williams, Del.
Dole	McClellan	Young, N. Dak.
Eastland	McGovern	Young, Ohio

NOT VOTING—16

Anderson	Jordan, N.C.	Smith, Ill.
Bellmon	Long	Symington
Bennett	McCarthy	Tydings
Cook	Miller	Yarborough
Goldwater	Mundt	
Inouye	Prouty	

So Mr. MUSKIE's amendment was rejected.

PROPOSED INTER-AMERICAN SOCIAL DEVELOPMENT INSTITUTE

Mr. CHURCH. Mr. President, I wish to make a brief statement about a proposal contained in part IV of the foreign assistance bill approved by the other body which calls for the establishment of an Inter-American Social Development Institute.

This proposal is a product of a lengthy review of U.S. aid operations in Latin America conducted earlier this year by the House Subcommittee on Inter-American Affairs under the direction of its able chairman, Mr. DANTE FASCELL.

That review, I may add, parallels in many respects the various studies undertaken during the past 2 years by the Senate subcommittee which I have the honor to chair.

While the full Committee on Foreign Relations, because of the lateness of the session, was unable to give consideration to the several new initiatives reflected in the legislation approved by the other body, three major characteristics of the proposed Institute warrant our attention:

First, the Institute would shift some of the emphasis of our current program away from the constant preoccupation with economic growth to the equally important area of social development. It would do so by concerning itself with local Latin American initiatives aimed at promoting desirable social change and affording the masses of the Latin people more opportunity to participate meaningfully in shaping the future of their societies.

Second, the Institute woulld operate outside the formal, government-to-government machinery, conducting its activities through private channels. The majority of its directors would come from the private sector and its programs would move on an institution-to-institution and people-to-people basis.

Third, by combining private, public and international resources the Institute would get away from our aid program's normal dependence on year-to-year appropriations and would be able to provide sustained support to long-term social development undertakings in Latin America.

The establishment of the Institute within the framework described above can provide a new, much needed thrust to U.S. activities in support of balanced development in Latin America.

Legislation authorizing the Institute was approved several weeks ago by the other body.

The initial funding of the Institute, which would not increase the appropriation for the current foreign aid program, has been approved by the House Appropriations Committee and by the full House. It would come from up to $50 million in funds that the Congress will provide for foreign economic assistance.

I find the objective and the approach embodied in the proposed Inter-American Social Development Institute to be timely and worthy of support.

I would hope, therefore, that early steps could be taken to implement this concept and to test it in practice.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

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

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

FOREIGN ASSISTANCE ACT OF 1969

The Senate continued with the consideration of the bill (H.R. 14580) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world to achieve economic development within a framework of democratic economic, social, and political institutions, and for other purposes.

AMENDMENT NO. 424

Mr. JAVITS. Mr. President, I call up my amendment No. 424.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. JAVITS' amendment (No. 424) is to insert, after line 24 on page 85, the following new section 105, and renumber subsequent sections accordingly:

SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance is amended by deleting title III and title IV and substituting in lieu thereof the following new titles therefor:

"TITLE III—HOUSING GUARANTIES

"SEC. 221. HOUSING GUARANTIES.—In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, and promote the development of thrift and credit institutions engaged in programs of mobilizing local savings for financing the construction of self-liquidating housing projects and related community facilities, the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible investors as defined in section 328(c), assuring against loss of loan investments for self-liquidating housing projects. The total face amount of guaranties issued hereunder, outstanding at any one time, shall not exceed $130,000,000. Such guaranties shall be issued under the conditions set forth in section 222(b).

"SEC. 222. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) The President shall assist in the development in the American Republics of self-liquidating housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperatives, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and improvement of housing conditions in Latin America.

"(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible investors, as defined in section 238(c), assuring against loss of loan investment made by such investors in—

"(1) private housing projects in Latin America of types similar to those insured by the Department of Housing and Urban Development and suitable for conditions in Latin America;

"(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;

"(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

"(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions, cooperatives, and other private enterprise programs; or

"(5) housing projects in Latin America 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than $8,500.

"(c) The total face amount of guaranties issued hereunder or heretofore under Latin American housing guaranty authority repealed by the Foreign Assistance Act of 1969, outstanding at any one time, shall not exceed $550,000,000: *Provided*, That $325,000,000 of guaranties may be used only for the purposes of subsection (b)(1).

"SEC. 223. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty issued under section 221 or section 222 in an amount to be determined by the President. In the event the fee to be charged for such type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

"(b) The amount of $50,000,000 of fees accumulated under prior investment guaranty provisions repealed by the Foreign Assistance Act of 1969, together with all fees collected in connection with guaranties issued hereunder, shall be available for meeting necessary administrative and operating expenses of carrying out the provisions of this title and of prior housing guaranty provisions repealed by the Foreign Assistance Act of 1969 (including, but not limited to expenses pertaining to personnel, supplies, and printing), subject to such limitations as may be imposed in annual appropriation Acts; for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221 or section 222 or heretofore pursuant to prior Latin American and other housing guaranty authorities repealed by the Foreign Assistance Act of 1969, and to pay the cost of investigating and adjusting (including costs of arbitration) claims under such guaranties; and shall be available for expenditure in discharge of liabilities under such guaranties until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of subsection (b).

"(c) Any payments made to discharge liabilities under guaranties issued under section 221 or section 222 or heretofore under prior Latin American or other housing guaranty authorities repealed by the Foreign Assistance Act of 1969, shall be paid first out of fees referred to in subsection (b) (excluding amounts required for purposes other than the discharge of liabilities under guaranties) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payment made to discharge liabilities under such guaranties as long as funds are available, and finally out of funds hereafter made available pursuant to subsection (e).

"(d) All guaranties issued under section 221 or section 222 or heretofore under prior Latin American or other housing guaranty authority repealed by the Foreign Assistance Act of 1969 shall constitute obligations, in accordance with the terms of such guaran-

ties, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the full payment and performance of such obligations.

"(e) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.

"(f) In the case of any loan investment guaranteed under section 221 or section 222, the agency primarily responsible for administering part I shall prescribe the maximum rate of interest allowable to the eligible investor, which maximum rate shall not be less than one-half of 1 per centum above the then current rate of interest applicable to housing mortgages insured by the Department of Housing and Urban Development. In no event shall the agency prescribe a maximum allowable rate of interest which exceeds by more than 1 per centum the then current rate of interest applicable to housing mortgages insured by such Department. The maximum allowable rate of interest under this subsection shall be prescribed by the agency as of the date the project covered by the investment is officially authorized and, prior to the execution of the contract, the agency may amend such rate at its discretion, consistent with the provisions of subsection (f).

"(g) Housing guaranties committed, authorized, or outstanding under prior housing guaranty authorities repealed by the Foreign Assistance Act of 1969 shall continue subject to provisions of law originally applicable thereto and fees collected hereafter with respect to such guaranties shall be available for the purposes specified in subsection (b).

"(h) No payment may be made under any guaranty issued pursuant to this title for any loss arising out of fraud or misrepresentation for which the party seeking payment is responsible.

"(i) The authority of section 221 and subsection 222 shall continue until June 30, 1972.

"TITLE IV—OVERSEAS PRIVATE INVESTMENT CORPORATION

"SEC. 231. CREATION, PURPOSE, AND POLICY.—To mobilize and facilitate the participation of United States private capital and skills in the economic and social progress of less developed friendly countries and areas, thereby complementing the development assistance objectives of the United States, there is hereby created the Overseas Private Investment Corporation (hereinafter called the Corporation), which shall be an agency of the United States under the policy guidance of the Secretary of State.

"In carrying out its purpose, the Corporation, utilizing broad criteria, shall undertake—

"(a) to conduct its financing operations on a self-sustaining basis, taking into account the economic and financial soundness of projects and the availability of financing from other sources on appropriate terms;

"(b) to utilize private credit and investment institutions and the Corporation's guaranty authority as the principal means of mobilizing capital investment funds;

"(c) to broaden private participation and resolve its funds through selling its direct investments to private investors whenever it can appropriate do so on satisfactory terms;

"(d) to conduct its insurance operations with due regard to principles of risk management including, when appropriate, efforts to share its insurance risks;

"(e) to utilize, the maximum practicable extent consistent with the accomplishment of its objective, the resources and skills of small business and to provide facilities to encourage its full participation in the programs of the Corporation;

"(f) to encourage and support only those private investments in less developed friendly countries and areas which are sensitive and responsive to the special needs and requirements of their economics, and which contribute to the social and economic development of their people;

"(g) to consider in the conduct of its operations the extent to which less developed country governments are receptive to private enterprise, domestic and foreign, and their willingness and ability to maintain conditions which enable private enterprise to make its full contribution to the development process;

"(h) to foster private initiative and competition and discourage monopolistic practices;

"(i) to further to the greatest degree possible, in a manner consistent with its goals, the balance-of-payments objectives of the United States;

"(j) to conduct its activities in consonance with the activities of the agency primarily responsible for administering part I and the international trade, investment, and financial policies of the United States Government; and

"(k) to advise and assist, within its field of competence, interested agencies of the United States and other organizations, both public and private, national and international, with respect to projects and programs relating to the development of private enterprise in less developed countries and areas.

"SEC. 232. CAPITAL OF THE CORPORATION.—The President is authorized to pay in as capital of the Corporation, out of dollar receipts made available through the appropriation process from loans made pursuant to this part or pursuant to predecessor authority contained in provisions repealed by the Foreign Assistance Act of 1969 and from loans made under the Mutual Security Act of 1954, as amended, for the fiscal year 1970, not to exceed $20,000,000 and for fiscal year 1971 not to exceed $20,000,000. Upon the payment of such capital by the President, the Corporation shall issue an equivalent amount of capital stock to the Secretary of the Treasury.

"SEC. 233. ORGANIZATION AND MANAGEMENT.—(a) STRUCTURE OF THE CORPORATION.—The Corporation shall have a Board of Directors, a President, an Executive Vice President and such other officers and staff as the Board of Directors may determine.

"(b) BOARD OF DIRECTORS.—All powers of the Corporation shall vest in and be exercised by or under the authority of its Board of Directors ('the Board') which shall consist of eleven Directors, including the Chairman, with six Directors constituting a quorum for the transaction of business. The Administrator of the Agency for International Development shall be the Chairman of the Board, ex officio. Six Directors (other than the President of the Corporation, appointed pursuant to subsection (c) who shall also serve as a Director) shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and shall not be officials or employees of the Government of the United States. At least one of the six Directors appointed under the preceding sentence shall be experienced in small business, one in organized labor, and one in cooperatives. Each such Director shall be appointed for a term of no more than three years. The terms of no more than two such Directors shall expire in any one year. Such Directors shall serve until their successors are appointed and qualified and may be reappointed.

"The other Directors shall be officials of the Government of the United States, designated by and serving at the pleasure of the President of the United States.

"All Directors who are not officers of the Corporation or officials of the Government of the United States shall be compensated at a rate equivalent to that of level IV of the Executive Schedule (5 U.S.C. 5315) when actually engaged in the business of the Corporation and may be paid per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time, while away from their homes or usual places of business.

"(c) PRESIDENT OF THE CORPORATION.—The President of the Corporation shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and shall serve at the pleasure of the President. In making such appointment, the President shall take into account private business experience of the appointee. The President of the Corporation shall be its Chief Executive Officer and responsible for the operations and management of the Corporation, subject to bylaws and policies established by the Board.

"(d) OFFICERS AND STAFF.—The Executive Vice President of the Corporation shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and shall serve at the pleasure of the President. Other officers, attorneys, employees, and agents shall be selected and appointed by the Corporation, and shall be vested with such powers and duties as the Corporation may determine. Of such persons employed by the Corporation, not to exceed twenty may be appointed, compensated, or removed without regard to the civil service laws and regulations: *Provided*, That under such regulations as the President of the United States may prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, except for cause, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those otherwise authorized by law, including those authorized by section 5108 of title 5 of the United States Code.

"SEC. 234. INVESTMENT INCENTIVE PROGRAMS.—The Corporation is hereby authorized to do the following:

"(a) INVESTMENT INSURANCE.—(1) To issue insurance, upon such terms and conditions as the Corporation may determine, to eligible investors assuring protection in whole or in part against any or all of the following risks with respect to projects which the Corporation has approved—

"(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

"(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government; and

"(C) loss due to war, revolution, or insurrection.

"(2) Recognizing that major private investments in less developed friendly countries or areas are often made by enterprises in which there is multinational participation, including significant United States private participation, the Corporation may make such arrangements with foreign governments (including agencies, instrumentalities, or political subdivisions thereof) or with multilateral organizations for sharing liabilities assumed under investment insurance for such investments and may in connection therewith issue insurance to investors not otherwise eligible hereunder: *Provided, however*, That liabilities assumed by the Corporation under the authority of this subsection shall be consistent with the purposes of this title and that the maximum share of liabilities so asumed shall not ex-

ceed the proportionate participation by eligible investors in the total project financing.

"(3) Not more than 10 per centum of the total face amount of investment insurance which the Corporation is authorized to issue under this subsection shall be issued to a single investor.

"(b) INVESTMENT GUARANTIES.—To issue to eligible investors guaranties of loans and other investments made by such investors assuring against loss due to such risks and upon such terms and conditions as the Corporation may determine: *Provided, however,* That such guaranties on other than loan investments shall not exceed 75 per centum of such investment: *Provided further,* That except for loan investments for credit unions made by eligible credit unions or credit union associations, the aggregate amount of investment (exclusive of interest and earnings) so guaranteed with respect to any project shall not exceed, at the time of issuance of any such guaranty, 75 per centum of the total investment committed to any such project as determined by the Corporation, which determination shall be conclusive for purposes of the Corporation's authority to issue any such guaranty: *Provided further,* That not more than 25 per centum of the total face amount of investment guaranties which the Corporation is authorized to issue under this subsection shall be issued to a single investor.

"(c) DIRECT INVESTMENT.—To make loans in United States dollars repayable in dollars or loans in foreign currencies (including, without regard to section 1415 of the Supplemental Appropriation Act, 1953, such foreign currencies which the Secretary of the Treasury may determine to be excess to the normal requirements of the United States and the Director of the Bureau of the Budget may allocate) to firms privately owned or of mixed private and public ownership upon such terms and conditions as the Corporation may determine. The Corporation may not purchase or invest in any stock in any other corporation, except that it may (1) accept as evidence of indebtedness debt securities convertible to stock, but such debt securities shall not be converted to stock while held by the Corporation, and (2) acquire stock through the enforcement of any lien or pledge or otherwise to satisfy a previously contracted indebtedness which would otherwise be in default, or as the result of any payment under any contract of insurance or guaranty. The Corporation shall dispose of any stock it may so acquire as soon as reasonably feasible under the circumstances then pertaining.

"No loans shall be made under this section to finance operations for mining or other extraction of any deposit of ore, oil, gas, or other mineral.

"(d) INVESTMENT ENCOURAGEMENT.—To initiate and support through financial participation, incentive grant, or otherwise, and on such terms and conditions as the Corporation may determine, the identification, assessment, surveying and promotion of private investment opportunities, utilizing wherever feasible and effective the facilities of private organizations or private investors: *Provided, however,* That the Corporation shall not finance surveys to ascertain the existence, location, extent or quality, or to determine the feasibility of undertaking operations for mining or other extraction, of any deposit of ore, oil, gas, or other mineral. In carrying out this authority, the Corporation shall coordinate with such investment promotion activities as are carried out by the Department of Commerce.

"(e) SPECIAL ACTIVITIES.—To administer and manage special projects and programs, including programs of financial and advisory support which provide private technical, professional, or managerial assistance in the development of human resources, skills, technology, capital savings and intermediate financial and investment institutions and cooperatives. The funds for these projects and programs may, with the Corporation's concurrence, be transferred to it for such purposes under the authority of section 632 (a) or from other sources, public or private.

"SEC. 235. ISSUING AUTHORITY, DIRECT INVESTMENT FUND AND RESERVES.—(a) (1) The maximum contingent liability outstanding at any one time pursuant to insurance issued under section 234(a) shall not exceed $7,500,000,000.

"(2) The maximum contingent liability outstanding at any one time pursuant to guaranties issued under section 234(b) shall not exceed in the aggregate $750,000,000, of which guaranties of credit union investment shall not exceed $1,250,000: *Provided,* That the Corporation shall not make any commitment to issue any guaranty which would result in a fractional reserve less than 10 per centum of the maximum contingent liability then outstanding against guaranties issued or commitments made pursuant to section 234(b) or similar predecessor guaranty authority.

"(3) The Congress, in considering the budget programs transmitted by the President for the Corporation, pursuant to section 104 of the Government Corporation Control Act, as amended, may limit the obligations and contingent liabilities to be undertaken under section 234(a) and (b), as well as the use of funds for operating and administrative expenses.

"(4) The authority of section 234(a) and (b) shall continue until June 30, 1974.

"(b) There shall be established a revolving fund, known as the Direct Investment Fund, to be held by the Corporation. Such fund shall consist initially of amounts made available under section 232, shall be available for the purposes authorized under section 234(c), shall be charged with realized losses and credited with realized gains and shall be credited with such additional sums as may be transferred to it under the provisions of section 236.

"(c) There shall be established in the Treasury of the United States an insurance and guaranty fund, which shall have separate accounts to be known as the Insurance Reserve and the Guaranty Reserve, which reserves shall be available for discharge of liabilities, as provided in section 235(d), until such time as all such liabilities have been discharged or have expired or until all such reserves have been expended in accordance with the provisions of this section. Such fund shall be funded by: (1) the funds heretofore available to discharge liabilities under predecessor guaranty authority (including housing guaranty authorities), less both the amount made available for housing guaranty programs pursuant to section 223 (b) and the amount made available to the Corporation pursuant to section 234(e); and (2) such sums as shall be appropriated pursuant to section 235(f) for such purpose. The allocation of such funds to each such reserve shall be determined by the board after consultation with the Secretary of the Treasury. Additional amounts may thereafter be transferred to such reserves pursuant to section 236.

"(d) Any payments made to discharge liabilities under investment insurance issued under section 234(a) or under similar predecessor guaranty authority shall be paid first out of the insurance reserve, as long as such reserve remains available, and thereafter out of funds made available pursuant to section 235(f). Any payments made to discharge liabilities under guaranties issued under section 234(b) or under similar predecessor guaranty authority shall be paid first out of the guaranty reserve as long as such reserve remains available, and thereafter out of funds made available pursuant to section 235(f).

"(e) There is hereby authorized to be transferred to the Corporation at its call, for the purposes specified in section 236, all fees and other revenues collected under predecessor guaranty authority from December 31, 1968, available as of the date of such transfer.

"(f) There is hereby authorized to be appropriated to the Corporation, to remain available until expended, such amounts as may be necessary from time to time to replenish or increase the insurance and guaranty fund or to discharge the liabilities under insurance and guaranties issued by the Corporation or issued under predecessor guaranty authority.

"SEC. 236. INCOME AND REVENUES.—In order to carry out the purposes of the Corporation, all revenues and income transferred to or earned by the Corporation, from whatever source derived, shall be held by the Corporation and shall be available to carry out its purposes, including without limitation—

"(a) payment of all expenses of the Corporation, including investment promotion expenses;

"(b) transfers and additions to the insurance or guaranty reserves, the Direct Investment Fund established pursuant to section 235 and such other funds or reserves as the Corporation may establish, at such time and in such amounts as the board may determine; and

"(c) payment of dividends, on capital stock, which shall consist of and be paid from net earnings of the Corporation after payments, transfers and additions under subsections (a) and (b) hereof.

"SEC. 237. GENERAL PROVISIONS RELATING TO INSURANCE AND GUARANTY PROGRAMS.—(a) Insurance and guaranties issued under this title shall cover investment made in connection with projects in any less developed friendly country or area with the government of which the President of the United States has agreed to institute a program for insurance or guaranties.

"(b) The Corporation shall determine that suitable arrangements exist for protecting the interest of the Corporation in connection with any insurance or guaranty issued under this title, including arrangements concerning ownership, use, and disposition of the currency, credits, assets, or investments on account of which payment under such insurance or guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

"(c) All guaranties issued prior to July 1, 1956, all guaranties issued under sections 202(b) and 413(b) of the Mutual Security Act of 1954, as amended, all guaranties heretofore issued pursuant to prior guaranty authorities repealed by the Foreign Assistance Act of 1969, and all insurance and guaranties issued pursuant to this title shall constitute obligations, in accordance with the terms of such insurance or guaranties, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the full payment and performance of such obligations.

"(d) Fees shall be charged for insurance and guaranty coverage in amounts to be determined by the Corporation. In the event fees to be charged for investment insurance or guaranties are reduced, fees to be paid under existing contracts for the same type of guaranties or insurance and for similar guaranties issued under predecessor guaranty authority may be reduced.

"(e) No insurance or guaranty of an equity investment shall extend beyond twenty years from the date of issuance.

"(f) No insurance or guaranty issued under this title shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the Corporation plus interest, earnings or profits actually accrued on said investment to the

extent provided by such insurance or guaranty.

"(g) No payment may be made under any guaranty issued pursuant to this title for any loss arising out of fraud or misrepresentation for which the party seeking payment is responsible.

"(h) Insurance or guaranties of a loan or equity investment of an eligible investor in a foreign bank, finance company or other credit institution shall extend only to such loan or equity investment and not to any individual loan or equity investment made by such foreign bank, finance company or other credit institution.

"(i) Claims arising as a result of insurance or guaranty operations under this title or under predecessor guaranty authority may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the Corporation may determine. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

"(j) Each guaranty contract executed by such officer or officers as may be designated by the board shall be conclusively presumed to be issued in compliance with the requirements of this Act.

"(k) In making a determination to issue insurance or a guaranty under this title, the Corporation shall consider the possible adverse effect of the dollar investment under such insurance or guaranty upon the balance of payments of the United States.

"SEC. 238. DEFINITIONS.—As used in this title—

"(a) the term 'investment' includes any contribution of funds, commodities, services, patents, processes, or techniques, in the form of (1) a loan or loans to an approved project (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of commodities or services pursuant to a lease or other contract;

"(b) the term 'expropriation' includes, but is not limited to, any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor with respect to a project, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project;

"(c) the term 'eligible investor' means: (1) United States citizens; (2) corporations, partnerships, or other associations including nonprofit associations, created under the laws of the United States or any State or territory thereof and substantially beneficially owned by United States citizens; and (3) foreign corporations, partnerships, or other associations wholly owned by one or more such United States citizens, corporations, partnerships, or other associations: *Provided, however,* That the eligibility of such foreign corporation shall be determined without regard to any shares, in aggregate less than 5 per centum of the total of issued and subscribed share capital, required by law to be held by other than the United States owners: *Provided further,* That in the case of any loan investment a final determination of eligibility may be made at the time the insurance or guaranty is issued; in all other cases, the investor must be eligible at the time of claim arises as well as the time the insurance or guaranty is issued; and

"(d) the term 'predecessor guaranty authority' means prior guaranty authorities (other than housing guaranty authorities) repealed by the Foreign Assistance Act of 1969, sections 202(b) and 413(b) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of authority relating to informational media guaranties).

"SEC. 239. GENERAL PROVISIONS AND POWERS.—(a) The Corporation shall have its principal office in the District of Columbia and shall be deemed, for purpose of venue in civil actions, to be a resident thereof.

"(b) The President shall transfer to the Corporation, at such time as he may determine, all obligations, assets and related rights and responsibilities arising out of, or related to predecessor programs and authorities similar to those provided for in section 234(a), (b), and (d). Until such transfer, the agency, heretofore responsible for such predecessor programs shall continue to administer such assets and obligations, and such programs and activities authorized under this title as may be determined by the President.

"(c) The Corporation shall be subject to the applicable provisions of the Government Corporation Control Act, except as otherwise provided in this title.

"(d) To carry out the purposes of this title, the Corporation is authorized: To adopt and use a corporate seal, which shall be judicially noticed; to sue and be sued in its corporate name; to adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the powers and duties granted to or imposed upon it by law; to acquire, hold or dispose of, upon such terms and conditions as the Corporation may determine, any property, real, personal, or mixed, tangible or intangible, or any interest therein; to invest funds derived from fees and other revenues in obligations of the United States and to use the proceeds therefrom, including earnings and profits, as it shall deem appropriate; to indemnify directors, officers, employees and agents of the Corporation for liabilities and expenses incurred in connection with their Corporation activities; to require bonds of officers, employees, and agents and pay the premiums therefor; notwithstanding any other provision of law, to represent itself or to contract for representation in all legal and arbitral proceedings; to purchase, discount, rediscount, sell, and negotiate, with or without its endorsement or guaranty, and guarantee notes, participation certificates, and other evidence of indebtedness (provided that the Corporation shall not issue its own securities, except participation certificates for the purpose of carrying out section 231(c)); to make and carry out such contracts and agreements as are necessary and advisable in the conduct of its business; to exercise the priority of the Government of the United States in collecting debts from bankrupt; insolvent or decedents' estates; to determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; to take such actions as may be necessary or appropriate to carry out the powers herein or hereafter specifically conferred upon it.

"(e) The Auditor-General of the Agency for International Development (1) shall have the responsibility for planning and directing the execution of audits, reviews, investigations, and inspections of all phases of the Corporation's operations and activities and (2) shall conduct all security activities of the Corporation relating to personnel and the control of classified material. With respect to his responsibilities under this subsection, the Auditor-General shall report to the Board of Directors of the Corporation. The agency primarily responsible for administering part I shall be reimbursed by the Corporation for all expenses incurred by the Auditor-General in connection with his responsibilities under this subsection.

"(f) In order to further the purposes of the Corporation there shall be established an Advisory Council to be composed of such representatives of the American business community as may be selected by the Chairman of the Board. The President and the Board of the Corporation shall, from time to time, consult with such Council concerning the objectives of the Corporation. Members of the Council shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5703 of title 5 of the United States Code for travel and other expenses incurred by them in the performance of their functions under this section.

"SEC. 240. AGRICULTURAL CREDIT AND SELF-HELP COMMUNITY DEVELOPMENT PROJECT.—(a) It is the sense of the Congress that in order to stimulate the participation of the private sector in the economic development of less developed countries in Latin America, the authority conferred by this section should be used to establish pilot programs in not more than five Latin American countries to encourage private banks, credit institutions, similar private lending organizations, cooperatives, and private nonprofit development organizations to make loans on reasonable terms to organized groups and individuals residing in a community for the purpose of enabling such groups and individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. Agricultural credit and assistance for self-help community development projects should include, but not be limited to, material and such projects as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, food industry development, nutrition projects, improved breeding stock for farm animals, sanitation facilities and looms and other handicraft aids.

"(b) To carry out the purposes of subsection (a), the Corporation is authorized to issue guaranties, on such terms and conditions as it shall determine, to private lending institutions, cooperatives, and private nonprofit development organizations in not more than five Latin American countries assuring against loss of not to exceed 25 per centum of the portfolio of such loans made by any lender to organized groups or individuals residing in a community to enable such groups or individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. In no event shall the liability of the United States exceed 75 per centum of any one loan.

"(c) The total face amount of guaranties issued under this section outstanding at any one time shall not exceed $15,000,000. Not more than 10 per centum of such sum shall be provided for any one institution, cooperative, or organization.

"(d) The Inter-American Social Develop- Institute shall be consulted in developing criteria for making loans eligible for guaranty coverage under this section.

"(e) The guaranty reserve established under section 325(c) shall be available to make such payments as may be necessary to discharge liabilities under guaranties issued under this section.

"(f) Notwithstanding the limitation contained in subsection (c) of this section, foreign currencies owned by the United States and determined by the Secretary of the Treasury to be excess to the needs of the United States may be utilized to carry out the purposes of this section, including the discharge of liabilities incurred under this subsection. The authority conferred by this subsection shall be in addition to authority conferred by any other provision of law to implement guaranty programs utilizing excess local currency.

"(g) The Corporation shall, on or before January 15, 1972, make a detailed report to the Congress on the results of the pilot pro-

gram established under this section, together with such recommendations as it may deem appropriate.

"(h) The authority of this section shall continue until June 30, 1972.

"SEC. 240A. REPORTS TO THE CONGRESS.—(a) After the end of each fiscal year, the Corporation shall submit to the Congress a complete and detailed report of its operations during such fiscal year.

"(b) Not later than March 1, 1974, the Corporation shall submit to the Congress an analysis of the possibilities of transferring all or part of its activities to private United States citizens, corporations, or other associations.

SEC. 2. Chapter I of part II of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended in section 610, which relates to transfers between accounts, as follows:

(1) In paragraph (a) insert after the words "funds made available for any provision of this Act" the first time they appear the words "(except funds made available pursuant to title IV of chapter 2 of part I)".

SEC. 3. Section 101 of the Government Corporation Control Act, as amended (59 Stat. 597; 31 U.S.C. 846), is amended by deleting "Development Loan Fund;" and substituting therefor "Overseas Private Investment Corporation;".

SEC. 4. Chapter 53, subchapter II of title 5 of the United States Code is amended as follows:

(a) Section 5314, which relates to level II of the Executive Schedule, is amended by adding thereto the following:

"(54) President, Overseas Private Investment Corporation."

(b) Section 5315, which relates to level IV of the Executive Schedule, is amended by adding thereto the following:

"(92) Executive Vice President, Overseas Private Investment Corporation."

(c) Section 5316, which relates to level V of the Executive Schedule, is amended by adding thereto the following:

"(128) Auditor-General of the Agency for International Development; (129) Vice Presidents, Overseas Private Investment Corporation (3)."

Mr. JAVITS. I shall explain the amendment, of course, for the Senate.

The PRESIDING OFFICER. Very well. The Senate will be in order, so that we can hear the explanation.

Mr. JAVITS. Mr. President, if I may have the attention of Senators, I think I can explain this amendment without too much delay; and then perhaps we could arrive at some agreement as to when the vote should come on the amendment.

Mr. President, I propose this amendment for myself and 17 other Senators, whose names are printed on the amendment. I ask unanimous consent that their names be printed in the RECORD.

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

The cosponsors of the amendment No. 424 are as follows: Mr. ALLOTT, Mr. BENNETT, Mr. BROOKE, Mr. CRANSTON, Mr. DOLE, Mr. FONG, Mr. GOODELL, Mr. HART, Mr. MCGEE, Mr. MILLER, Mr. PELL, Mr. PERCY, Mr. SCHWEIKER, Mr. SCOTT, Mr. SMITH, Mr. STEVENS, and Mr. WILLIAMS of New Jersey.

Mr. JAVITS. Mr. President, the fundamental purpose of the amendment is to take the ongoing activities, as they relate to overseas private investment, of the AID Administration, and establish them in a Government corporation called the Overseas Private Investment Corporation, and to beef up its activities so that they really are actively supported and carried on, in order to do the best possible job for aid to development through private resources.

The participation of the United States is relatively minimal. I shall describe it. It is, however, to begin with—and I emphasize "to begin with"—a wholly owned Government corporation. But, Mr. President, the flexibility and the businesslike operation of the corporate form so extraordinarily demonstrated by the Export-Import Bank, for example, and by international banking organizations, will give to OPIC a quality that we believe will truly facilitate the flow of private foreign capital to the developing world and, therefore, materially forward the development effort which is supposed to be the business of foreign aid, and in that way help relieve the foreign aid burden.

It is, Mr. President, with all due respect, the OPIC's first really big initiative that has come along in the foreign aid field almost since it began, which goes back to 1948 and 1949.

This measure passed the House of Representatives after very extensive hearings. If anyone is interested in those hearings, they constitute a whole book.

In the Senate, Mr. President, the hearings were relatively limited. They will be found in the hearing record which is before us at pages 162 to 182, inclusive.

One of the points which was made in the Foreign Relations Committee with respect to the reason that this is not a part of the bill reported out by the committee—and I shall explain that momentarily—is that we had not had adequate hearings. But that is not my fault, or the fault of the proposition. It was the decision of the chairman of the committee, and the committee point of view, I assume, that that was all the hearings they wanted on this particular subject. This is no reason to kill this worthwhile proposition. This is the tactic of—if you do not like a proposition, do not hold hearings on it and in this way kill it. I do not think that is fair.

Mr. President, just to show that the idea has deep worth, and that it holds the favorable opinion of a very substantial part of the membership of the Committee on Foreign Relations, is borne out by the fact that in the vote of the Foreign Relations Committee on this question, there was a tie. The available members of the committee, aside, most regrettably, from the Senator from South Dakota (Mr. MUNDT), who was absent because of illness, evenly divided, 7 to 7, on the issue of whether to make this a part of the bill. It was defeated—that is, it could not go into the bill—only because of a tie vote; and it seems to me that is a very important item of evidence as to the substantiality and importance of the idea.

Mr. AIKEN. Mr. President, if the Senator will yield, may I say to the Senator from New York that I was one of those seven who voted for his measure in the committee. I expect to vote for it here.

As I stated, yesterday, we are in a very unhappy position, now, in the United States, in not being satisfied with what we have and not knowing what we want regarding our foreign aid program.

I am not sure that OPIC would be financed this year, since I believe the House of Representatives has already rejected it. I do not know what the Senate Appropriations Committee will do. However, it is something different from what we have had. I am not an expert in international financing, but I think it is an important business, whether I am an expert at it or not. For that reason, I am willing to give this proposition a tryout, and see what comes of it. We will undoubtedly review it next year, anyway, and I hope that it will work. I think probably it will work, if it has the right people administering it. The trouble with some of our programs is that we have incompetent and inexperienced people handling them.

So I am willing to give this proposition a tryout. We will review it from time to time, I am sure, and I certainly hope that this is at least a partial answer to the problems with which we are confronted in our foreign aid program.

Mr. JAVITS. I am very grateful to my colleague, who is the ranking member of the committee. I consider his support of this measure to be not only gratifying, but most important.

Mr. President, one point—and I hope the Senator from Vermont will give me his attention for a moment—is that the action taken on the appropriation in the House of Representatives would enable OPIC to start, if it gets the legislative authority, because they voted the $20 million first tranche of its capital. What they did not vote is the reserve fund for its guarantees of $75 million. That does not prevent the company from starting, because, by transfer of the existing reserve of the AID, it would receive $100 million.

Mr. AIKEN. Very well.

Mr. JAVITS. What it will not be able to do is to expand materially that guarantee authority, for the moment, until it gets more reserves.

Mr. AIKEN. I expect another reason may be that no part of the AID program has yet been authorized by Congress as a whole.

Mr. JAVITS. That is correct. But even the House of Representative's Appropriations Committee, hard as it has been on all and any matters dealing with foreign aid, did see some merit in the proposition, and gave it enough money to get started.

Mr. AIKEN. And it is perfectly obvious that our present foreign aid program is not working as it was intended by the people who promoted and inaugurated it after World War II.

Mr. JAVITS. Exactly right. I again express my gratitude to the ranking member of the committee for his support.

Mr. President, the reason why this is so important is that it opens up a totally new channel of action by the United States. The problem with amending the guarantee authority which is contained in the foreign aid law through a Government agency is that it disables the agency from having two things which are critically important. One is the innovative role in the development of overseas private investment which can bring additional companies into the situation. This is very a important problem for the United States, because only about 5 per-

cent of American business concerns are active in the foreign investment or export field. Ninety-five percent of the U.S. business complex is not active in foreign investment or foreign exports.

The reason, very largely, is because of mechanical and technical difficulties—the difficulty in lack of securing adequate representation in foreign areas, inability to securing financing, and lack of knowledge as to the technical aspects of handling an overseas investment.

The main asset which we would give the OPIC to induce it to do this important work of encouraging more U.S. firms to invest overseas is to give the OPIC the flexibility which a business corporation has. This corporation would be managed by a board of directors of 11 members, of whom six would be non-Government people appointed by the President, subject to confirmation by the Senate, just as the directors of Comsat are appointed subject to confirmation by the Senate. The other five would be high officials of the Government.

In addition, to the corporate organization, the OPIC will have the right to sue and be sued, the ability to have a corporate budget, and the ability to have income. The estimate of the income of this corporation is estimated at $30 million a year, Mr. President, as against the estimated cost for its operation of only $4 million a year.

It will receive its income from fees for guarantee and the insurance which it gets against war and other risks. That is very much the same thing which is done now by AID. However, in the hands of a corporation, it will be much more extensively used, and it will be used with a much more gifted approach to the situation—that is, with much more initiative than can be shown by a Government agency.

That means that it will pretty much of necessity be an agency which will occupy a creative role in seeking to develop propositions rather than just passively receiving propositions.

Mr. President, this proposal, which has already been enacted by the House of Representatives, comes to us under very eminent sponsorship and auspices. In the first place, it is an administrative proposal.

I have talked with the Secretary of State of the United States as recently as this morning. He has authorized me to represent to the Senate that it has his full support and the full support of his department, and that it is an administration measure. And the Secretary of State so testified in the hearings before the House of Representatives. The measure also has the backing and sponsorship of some of the most distinguished business organizations in the United States.

Mr. President, I shall give a record of those. The measure has also received endorsement in many reports which have been made as to how our whole foreign aid effort may be made more effective and beefed up.

The concept was essentially the creation of a committee which was congressionally chartered and which we authorized. It was called the International Private Investment Advisory Committee, IPIAC, which submitted its recommendations for the establishment of the OPIC last December.

Should any Senator be interested in the document, I have it here.

There was also the President's General Advisory Committee on foreign assistance programs, the so-called Perkins Commission.

There was also the National Planning Commission and the task force of the National Association of State Universities and Land-Grant Colleges.

Mr. President, other organizations in the general business field have similarly endorsed this concept.

When more Senators are present, I will go into that particular proposition. However, I take this time in the absence of more Senators to explain in detail the corporation.

A mimeographed document, entitled "Overseas Private Investment Corporation," has been distributed to all Members of the Senate. It gives a great deal of the detail on precisely what is to be done here.

Mr. President, as I stated a minute ago, this corporation would be organized as a Government corporation, with the U.S. Government owning all of the stock. It is structured to directly involve private sources of money and technology particularly new sources in a partnership, with the U.S. Government through the creative administration and management of the investment incentive programs. This is one of the best ways we know of in which to develop—which is our aim in respect of the whole foreign assistance program—the economies of the less-developed countries.

Mr. President, I point out, too, that although we do have a corporation like this, other countries do. France, Germany, and Great Britain have successfully used similar corporations to promote private investment in development. And very recently the Netherlands has been and is considering in its parliament the organization of a similar corporation.

Mr. President, this corporation will for the first time apply business methods and business accounting procedures to the business operations of project development, investment, insurance, and guarantees, and direct lending that is, to private activities which are sensitively and directly geared into the development of the less-developed areas which we propose to help in the foreign aid program.

Assistance will be rendered in this way, not in any direct way such as grants or loans. However, it will be accomplished through private foreign investment.

Assistance will be rendered only to new projects, so that existing investments will not have the benefit of the guarantee program.

The corporation will be subject to the policy direction of the Department of State, as well as of AID.

Represented on its board of directors will be the Departments of State, Treasury, and Commerce.

The corporation will be subject to the Government Corporation Control Act. Therefore, its administrative budget will be subject to the congressional appropriations process, though it is expected that the corporation will make money, and, indeed, pay dividends to the Treasury, rather than be a drain upon the United States.

After the initial cost of setting up the OPIC, its operating expenses will be paid from income earned by the corporation, and no further appropriations will be required for this purpose.

As I said before—and I think it is a very important point—the corporation will operate at a profit. Indeed, the investment guarantee program of the AID has already shown a profit—though the accounting is not set up that way.

The estimated revenues over the first 5 years of operation show an intake of $150 to $160 million as against the expense during the first 5 years of operation of $20 million, leaving a net of $130 to $140 million. The funds are available for allocation by the board of directors of the corporation to the reserve funds, to its direct investment fund, and for the payment of dividends to the Treasury which will hold its stock.

Mr. President, to get some concept of the guarantee program which will be turned over, I should like to lay before the Senate the fact that the insurance—that is the insurance which deals with war risk, inconvertibility, resurrection, and similar coverage which is now outstanding—is $6.8 billion. And the total fees collected from insurance and guarantee coverage is $79 million.

That shows that this is quite a thriving business. The guarantees authorized are $100 million.

Comparing those figures to consider the actuarial risk involved, we find that the total claims paid for insurance and guarantees in respect of this effort were only $11.1 million since the guarantee program began.

The fundamental concept of the Overseas Private Investment Corporation is in the investment field—that is in the field of overseas private investment—the OPIC will do the very same thing for the corporation involved in foreign investment as is now being done for the U.S. exporter by the Export-Import Bank. The Ex-Im Bank, gives the same kind of services, afford guarantees in selected situations, and afford direct loans to sustain the important export program of the United States. The overseas private investment corporation will endeavor to do the same thing with respect to the private investment activities of the United States—in short, the export of capital, rather than the export of goods.

But, Mr. President, one critical, important aspect of this matter is that, just like our AID program, investment will be tied to purchasing in the United States; so that we should suffer no loss in respect of the balance of payments in the operations of this corporation. So that the return in terms of the balance of payments would far exceed whatever dollars are put out in the way of the modest loan accounts which the corporation is authorized to carry. That is a very important point, because new business ventures will be made possible by the operation of this corporation which are not made possible now.

In addition, it is very important to note that one of the most productive

sources of what are called hidden exports for the United States is the return on our own investments abroad. We now have well over $100 billion invested abroad, and this produces a return far above what we pay out in the way of overseas private investment ourselves. Something in the area now of $5 or $6 billion a year comes in, and only about $4 billion goes out. So that this will accelerate that kind of balance and improve it, rather than work the other way.

Mr. PELL. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Rhode Island.

Mr. PELL. I thank the Senator from New York for yielding.

I should like again to express my support of this proposal, which, in my mind, is a better way of attempting to develop the resources of our neighbors than is the direct bilateral governmental approach we have today. I think many of us would prefer a complete multilateral approach, but that does not seem in the cards for the time being.

For this reason, I think this proposal is in many respects a better, a more efficient, a more economical, and probably—from the viewpoint of the Latin Americans—a less offensive way of achieving our objective of making the areas barren from the viewpoint of the development of communism or of creating what we would call more of a consumer economy.

Mr. JAVITS. I thank my colleague very much, especially for his observation about the Latin Americans.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SPARKMAN. The Senator will recall that when he first brought up a program somewhat similar to this, I did express sympathy with it. In fact, I think that in last year's bill—which I managed on the floor of the Senate—we wrote in what was pretty close to what this proposal provides. At least, we had that under consideration and wrote in a provision that the matter should be studied.

Mr. JAVITS. The Senator is correct.

Mr. SPARKMAN. From the very first, I had thought much could be accomplished by this kind of program, and I still believe so.

If the Senator was present when I questioned Governor Rockefeller on his report, he may recall that I did question him about this. As I recall, Governor Rockefeller said that much good could be accomplished by it.

I know that when the proposal was up last year, the AID agency looked with favor upon this part of it. The Senator will recall that he had a rather big amendment, with two parts. But they did look with favor upon the program, which was somewhat similar to the one now proposed.

I am glad that the Senator brought out a few minutes ago a very important fact, and that is that every one of these investments carries a guarantee for which the sponsor pays a premium.

Mr. JAVITS. The Senator is correct.

Mr. SPARKMAN. In other words, they pay a premium and in effect buy that guarantee.

A friend of mine, a Senator, made this remark, and I think we should clear it up for the record. He said, "The trouble with that is that the companies go in there and invest, and what profits are made they get, and we pay the losses."

I checked my friend at that time and I said, "No, that is not true. We have a guaranty program that has had a wonderful record in the past."

I believe the Senator from New York placed in the RECORD some figures showing just how it has operated in the past.

Mr. JAVITS. Yes.

Mr. SPARKMAN. I think we are protected. I think it is carrying out what we have been trying to have as a general policy for a good many years. I believe the Senator mentioned the similarity between it and the policy program of the Export-Import Bank. It is not exactly the same, but they certainly are similar in their aim, and that is to get American products sold abroad and to encourage American investment abroad.

If I understand correctly, this proposal is tied to purchases that would be required in the United States. Is my understanding correct?

Mr. JAVITS. The Senator's understanding is correct.

Mr. SPARKMAN. I must say to the Senator that I cannot find any weakness in it.

Mr. JAVITS. I am very grateful.

Mr. SPARKMAN. I think it is a good program, and I hope it succeeds. I am sure we will succeed sometime in the future, if not now, because I believe it will be a good day for us when we do it.

Mr. JAVITS. I am very grateful to my colleague, and I am hopeful that we can succeed now, as we are halfway up the hill, having passed this very measure in the other body, after considerable hearings and controversy.

To bear out what Senator SPARKMAN has said, I should like to give the schedule of fee rates on guarantees—that is, a business guarantee—for loss of investment, of which there is presently roughly $100 million outstanding under the extended risk guaranty provision.

The fee is one and three-quarter percent of the principal per annum. Where that risk is spread with other institutions, that rate might be reduced to as low as three-quarters of 1 percent.

Political risk insurance, which is the coverage for war, revolution, and insurrection, pays a premium of one-half of 1 percent per annum. Expropriation is an additional fee of one-half of 1 percent. Currency inconvertibility is an additional fee of one-quarter of 1 percent. So that a total fee with respect to complete insurance coverage for political risks is 1¼ percent.

This represents a very appreciable source of income for the guaranties and, therefore, for this corporation. It represents an income which is far more than its cost, far more than the actual record of claims paid, which up to date—of $11.1 million as of June 30, 1969. It is worth noting that this program has been in effect for roughly 20 years, though it has grown and has been changed in that time. I think that is a very important point in considering the actuarial soundness which is involved.

The question of policy involved in this whole matter is this: Do we wish to expand this kind of activity?

Mr. President, it seems to me that the whole record proves that this is very desirable. The corporations in the international field which have developed along this line are considered the most constructive and helpful in the world. Everyone speaks with the greatest pride of the World Bank, the International Finance Corporation, the Uniform Investment Bank and similar multilateral institutions.

Now, there have been private institutions, institutions which are nongovernmental entirely, which have been organized for the same purposes. The leading one is the so-called ADELA Investment Co., which owes its origin to an initiative of mine taken through the NATO parliamentarian organization, and which is a flourishing enterprise, international in character, doing a business of about $1 billion, although it has been in business for only 3 years and probably has a highly superior board of directors.

I was asked in committee by the Senator from Arkansas (Mr. FULBRIGHT), who likes ADELA and the international organizations but who does not feel he can go along with this, "Why don't you organize another multilateral organization?"

The difference is that the organization we are talking about endeavors to facilitate the kind of business which can be done with multilateral organizations through the guaranty process, which becomes an essential element of any proposition put together by these international organizations. To some extent this has been a function of the guaranty program which has been administered by AID, which made possible ADELA type operations. So we cannot terminate that program and we should not, and therefore let us make it as efficient as possible and that is the purpose of this corporation.

Mr. President, one of the most important powers of this corporation would be to enter into precisely that kind of multilateral enterprise, putting in U.S. funds which can get the benefit of this guarantee which would enable them to contribute in a very important way to the total financing of such an overseas enterprise.

In addition, there is a tremendous possibility of facilitation of joint ventures for investors in the developing countries; and that is the way to have overseas private investment. Many of those ventures are now being organized and because we are able to give a guarantee backed by the full faith and credit of the United States—although it would seldom be called on, as I have given the figures—we would give business concerns an opportunity to enter into these international operations with local people in a very advantageous way for the United States because it is all tied into exports—either of skill, money, or goods from the United States, or as most often is the case, all three.

This is really using the genius of

our country, which is a business genius, rather than the muscle of our country, which is just dollars and cents, and which has been found so objectionable in many aspects of present foreign aid operations. I repeat the OPIC would put investment guarantees on a business level where it does support itself. The OPIC would be able to initiate propositions and get small business into the act, inasmuch as it has this flexibility which a corporation enjoys and it would materially extend the openhanded effort of the United States by channeling the energies of the private sector.

Now, Mr. President, to go on with the details of the corporation, I have spoken of the structure of the corporation, that is, the management of the board of directors of whom six would be non-Government people, including its president and chief executive officer, who would be a business officer. Second, there would be the guaranty authority which would be taken over from the existing guaranty authority of AID in respect of insurance, essentially against political hazards, and the extended risk guaranty.

Mr. President, the financing of the company comes about as follows. With respect to reserves, there is a requirement for backing of these reserves. One hundred million dollars of cash reserves would be transferred from the existing program. But it is felt to really move out into the field and do an affirmative job there should be as much as a 25-percent reserve fund with respect to the business guaranty.

That does seem very large, but nevertheless that is the present contemplation. Therefore, an appropriation will be sought, and that is subject to the Committee on Appropriations, of $75 million as additional reserves to sustain the extended risk guaranty program. This does not mean money gone down the drain or being spent to fuel inflation. These are reserves the corporation will own, and the corporation is owned by the United States, so it is a backing up of the guaranty authority of the corporation.

The only real money involved is capital for the corporation so that it can engage in the very limited direct loan activity, to facilitate projects, and to get off the ground and get started as a corporate organization. That will take $20 million a year for the first 2 years, or $40 million. In that respect the House Appropriations Committee has already gone along with the proposal and provided $20 million, although they demurred to provide $75 million in reserves. We believe if the corporation is authorized, and that depends on the vote in the Senate, that $75 million or some appreciable part in the way of reserves, will be forthcoming.

Mr. President, those are the only items of capital involved. None of them involve any "expenditure" by the United States. It simply means taking the money from one pocket and putting it in another pocket so that it backs up the guaranty and the insurance which this corporation is allowed to write according to the amendment before us.

Organizations which back this concept are the U.S. Chamber of Commerce, the U.S. Association of Manufacturers, the U.S. Council of International Chambers of Commerce, the National Foreign Trade Council, the National Industrial Conference Board, the Committee for Economic Development, the Agri-Business Council, and the Council for Latin America. Also, it has the backing of farm cooperatives, savings and loan associations, citizens groups, national planning associations, and overseas development concerns.

Finally, so that Members do not get the idea that this is some idea of mine, it is the proposal of AID and the administration. It is fully supported by the Secretary of State, who authorized me as late as this morning to represent to the Senate. Secretary Rogers thought it was a very fine thing and he hoped the Senate would join the other body in voting for it. So that this is by no means a concoction of my own. The Senator from Alabama (Mr. SPARKMAN) referred to the fact that last year I had submitted an amendment, which I did not press, but accepted instead a study amendment, which has resulted in the proposal now before us. My amendment then related to the effort to mutualize the whole foreign aid program in effect, in the hands of American investors. I still think that is a great idea, but its time has not yet come.

The fact is, the Senator from Arkansas (Mr. FULBRIGHT), for whom I have great respect, even though he is not with me on this particular amendment, wants very much to be sure that if this does become law, there is a provision in it so that ultimately it could be privately owned by thousands and thousands of investors. I agree with him thoroughly. It does contain such a provision. It is possible that as this gets established and evolves, it will become mutualized.

One of the ways in which that is traditionally done is to require those who get a guaranty written for them, when they pay their fee for the guaranty, also to acquire some stock. Sometimes they are required to pay a subscription for the stock in addition to the fee over a period of time with ownership in the corporation.

It is also conceivable that securities may be sold by the corporation as set up in the amendment—it could sell part of its portfolio, thereby having a rollover of money like corporations or banks, and could also conceivably—not that it does have that precise authorization here—seek to issue its own bonds or securities, like the World Bank, in order to build up its financing. These are all possibilities when we are dealing not with a Government department but with a corporate form like this.

One of the really amazing and interesting aspects of the capitalist system is that we have this tremendous genius for using techniques of credit or promises to pay in the future, with guaranties, and so forth, in producing the goods and services. The faith of men in the capitalist system is such that give them a guaranty that they will get the money, and they will work for it and create for it, that is, work for a piece of paper with a guaranty which provides that at some time in the future they will get buying power for it.

This corporation, in a most efficient way, in accordance with the best American business practices, will utilize that power, that resource, for the same purposes essentially—to wit, development of the less developed areas for which the whole of the foreign aid program is directed but without the expenditure of appropriations.

The Senator from Arkansas (Mr. FULBRIGHT) is now in the Chamber and will soon speak for himself to the amendment but, in my judgment, the key problem we are facing is closing the gap between industrial nations such as ours and the less-developed nations, largely in the southern belt of the world. There is no genius or benefit to be found in grants or loans. That is the most primitive part of foreign aid. We should be seeking out ways without that kind of taxpayer's money. We can accomplish the result of development, of building up these countries, so that they may be better customers of ours and so that they may be better places in which to live for their peoples; hence, they would contribute to the peace and progress of all mankind instead of being constantly involved in a struggle for essential survival.

This is the concept which the other body felt could be materially advanced by the organization of this corporation. It is a concept which one-half of the Committee on Foreign Relations felt could do the same thing. It is the concept which is contained in this particular proposal now before the Senate.

Let me point out that the committee saw the basic philosophy which is here involved. In an eloquent passage from the committee report of the Committee on Foreign Relations, page 4, it states:

> All members of the committee are acutely aware that the richest Nation in the world has an obligation to help close the widening gap between the "haves" and the "have nots" of the world. The issue is not "Should we provide aid?" It is "How?" and "How much?" The first question must be answered before the second can be approached sensibly—and the old answers of the past to "How?" are outmoded and discredited. The future for foreign aid is bleak indeed until a new program can be developed which will command greater respect and support, both with the public and the Congress, than the current program commands.
>
> The committee regrets that it cannot recommend this bill to the Senate with greater enthusiasm.

Now, Mr. President, the Overseas Private Investment Corp. is the first, the only, resourceful new initiative that has come up on the horizon that will accomplish the results which the committee itself calls for.

Mr. President, I should like to deal with one other point before I close this presentation in chief, as it were, and then we will hear from the concepts of the opposition. I would like to answer the question which can properly be asked of me; namely, why not wait for the report of the so-called Peterson Task Force which was appointed to bring in recommendations as to what should be the future of the foreign aid program?

The whole point is that while we wait for that report and are prepared to consider and act upon it, there is no reason for standing still and not using the resources and the ideas which have been

around for a considerable time, and which have been digested and considered for the purpose of improving the program.

We are not sure when the committee will issue a report and recommendations on the Peterson Task Force study, and how long it will take to implement it. The report is expected in March 1970. It will probably be a minimum of two years before anything can really, in a practical way, come out of that report.

But, right now, we have a concept before us which has already gone through the other body, which picks up an established activity and seeks only to develop and make it infinitely more useful than it is today, a concept endorsed by leading organizations in this country. This concept was the creation of the eminent members of International Private Investment Advisory Council appointed pursuant to our own congressional direction.

The validity of the concept has been borne out by the report of the Rockefeller mission, which specifically recommends exactly this kind of corporation, it also has support in the report of Mr. Pearson submitted to the World Bank. It seems to me to be an idea whose time has come.

Therefore, we ought to begin to put the foreign aid program or a much more constructive part than we have heretofore followed, and this is a very big opportunity to do it.

The International Private Investment Advisory Council has as its members, the president of the National Association of Manufacturers, W. P. Callender; vice president and director of the Chamber of Commerce of the United States, Clinton Morrison; president of the Committee for Economic Development, Alfred Neal; president of the National Foreign Trade Council, Robert Norris, and the president of the International Council of Chambers of Commerce, Christopher Phillips, among other distinguished members.

I would say that if we were to select a group of business leaders, I do not see how we could make a better selection.

Also, I would like to point out that this particular proposal for the establishment of a Overseas Private Investment Corporation was strongly recommended by a panel specifically directing itself toward studying the particular subject of the guarantee aspects of the foreign aid program.

Its report is entitled "The Case for United States Overseas Private Enterprise Development Corporation," which is precisely the matter before us now in this amendment. The report is a complete endorsement. As a matter of fact, the measure which is before the Senate is nothing but the restatement, in legal language, of what has been put together based on experience and study of this business group, and which has now been passed by the other body.

Mr. President, I yield the floor.

UNANIMOUS-CONSENT AGREEMENT

Mr. FULBRIGHT. Mr. President, I wonder if the Senator from New York is now prepared to come to an agreement on a limitation of time. Several Senators have asked me—they are all under pressure of time—when we could expect to vote.

Mr. JAVITS. Mr. President, I believe the Senator is absolutely right. I would like to come to an agreement on a limitation of debate. I think I shall need more time than the chairman. I only submit this suggestion to my chairman for approval. Perhaps we could agree to an hour and a half, with 1 hour for the proponents, as there are quite a number of sponsors to my amendment, and half an hour for the opposition. This is of course, unless the chairman wants to give himself the same amount of time.

Mr. FULBRIGHT. I was hoping we could have a total of one hour, 30 minutes to the side.

Mr. JAVITS. I leave it to the Senator from Arkansas. I want an hour. I may not use it all. The Senator from Arkansas can have an equal or lesser time.

Mr. FULBRIGHT. I suppose, in all fairness, the time ought to be equal. I do not think I will need more than 15 minutes. I can always yield back the time.

Mr. President, I ask unanimous consent that the time on the pending amendment be limited to 2 hours, to be equally divided.

Mr. JAVITS. Mr. President, reserving the right to object, I wish the unanimous-consent agreement to contain also the privilege of offering amendments to the amendment which need not necessarily be germane. I am perfectly willing to agree to the time, but I am not willing to yield on any other conditions except the time.

Mr. GRIFFIN. Mr. President, may I ask whether, if amendments are offered to the amendment, there would be any additional time?

Mr. JAVITS. No; I would have to yield time or the Senator from Arkansas would have to yield time.

The PRESIDING OFFICER. Does the Senator wish them to be germane to the amendment?

Mr. JAVITS. No; I want any amendment to be allowable to this amendment, without impinging upon the time, however.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. FULBRIGHT. Mr. President, I did not anticipate this. What did the Senator have in mind?

Mr. JAVITS. I do not have anything in mind except we have now learned the bitter lesson that these unanimous-consent agreements are very powerful. I voted to sustain one the other day, even though it was against the position I was taking. I think we had better know what we are doing so that when we make unanimous-consent agreements they encompass any contingency.

Mr. FULBRIGHT. I wondered if the Senator had in mind perhaps a proposed rule to the Senate, or something of that kind.

Mr. JAVITS. No, but we have been "burned" so often——

Mr. FULBRIGHT. It is all right with me—2 hours to be equally divided.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. THURMOND. Mr. President, reserving the right to object, I presume this would not contemplate constitutional amendments and that all amendments considered would be germane.

Mr. JAVITS. No. I want the RECORD to show and I want to assure my colleagues that I have no secret idea in mind, but I think if we are going to have unanimous consent agreements, we should make them in view of the classic agreement of the other day. I can assure Senators that I have in mind no amendment to my amendment, and I know of no Senator who wishes to propose one, and certainly not one that is not germane.

Mr. FULBRIGHT. This is a tribute to the Senator's resourcefulness.

Mr. GRIFFIN. Mr. President, reserving the right to object—and I shall not object—I honestly believe that the Senator from New York, being concerned about having adequate time for amendments that might be raised, is creating the kind of situation in which, when the time has nearly elapsed, a Senator could propose a very unrelated and ungermane amendment, and there would be no time limitation. If the amendment were proposed as an amendment to the bill, we would have at least an hour each on the bill.

Mr. JAVITS. Then, let us consider it as applying only to germane amendments to the amendment, and have 1 hour each on that.

Mr. HOLLAND. Mr. President, reserving the right to object—and I shall not object in view of the last statement of the Senator from New York—I would never agree to setting a precedent for having unanimous-consent agreements with the express statement in them that nongermane amendments could be received.

Mr. JAVITS. I think the Senator is right.

Mr. HOLLAND. In view of the position the Senator has just taken, I have no objection.

Mr. JAVITS. I now see it from the Senator's point of view, and I think he is absolutely right.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and the agreement is entered.

Mr. FULBRIGHT. Mr. President, I yield myself 10 minutes.

Mr. JAVITS. Mr. President, may I respectfully suggest to my colleague that we ought to have a quorum call so Senators will know we have a limited time, and can we have the time for the quorum call without charging it to either side? I make that unanimous-consent request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. JAVITS. With the permission of the Senator from Arkansas (Mr. FULBRIGHT), I ask unanimous consent that the name of the Senator from Illinois (Mr. PERCY) be added a cosponsor of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Arkansas has the floor.

Mr. FULBRIGHT. Mr. President, as the Senator from New York knows, the committee decided to limit the pending bill to programs authorized under existing law—with the exception of another project in which the Senator is deeply interested.

The proposal to establish an Overseas Private Investment Corp. is far reaching and should be considered only after very careful and deliberate study. The President has appointed a task force to reappraise the foreign aid program and, by law, the President must submit his recommendations to the Congress by March 31—only 4 months away. This proposal should be considered by the Senate either as a separate measure or in connection with an overall view of foreign aid next year.

Aside from the matter of poor timing, there are many unanswered policy questions about this issue. Is it a device to help American business or the developing countries? What are the political consequences abroad for the United States to assume greater control over the economies of developing countries?

As Senators know, within the last year or two there has been considerable complaint from such countries as France and Canada about the intrusion of vast amounts of capital from our private companies into their respective economies. It is a matter of degree. They welcome it up to a point, and then beyond that point, particularly in France, they thought we were tending to decimate some of their most important basic industries. This is uppermost in the minds of the Japanese. The Japanese have stringent laws and limitations upon all foreign investments, not just those of the United States, but all foreign investments in their country.

Should the United States give 100 percent, no-risk guarantees to American businessmen to invest abroad when similar programs are not available for stimulating economic growth in the ghettos and poverty areas here at home? Questions like these should be studied very carefully before the committee, or the Senate, can make an informed judgment on the basic proposition. I am not familiar with any 100 percent, no-risk guarantee offered to American businesses here at home.

Mr. JAVITS. Mr. President, will the Senator yield for a factual correction?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. The business guarantee is only 75 percent under this bill and under the guarantee program. That is, the investor must put up 25 percent.

Mr. FULBRIGHT. That is as to the total investment in the whole project; but I think individual investors can get up to 100 percent, can they not?

Mr. JAVITS. I believe the 75-percent limitation relates to the individual investor.

Mr. FULBRIGHT. The way it is now, I think that individual investors can get up to 100 percent.

Mr. JAVITS. Well, we will check it out.

Mr. FULBRIGHT. On page 15, line 45, the Senator's amendment reads:

Provided, however, That such guaranties on other than loan investments shall not exceed 75 per centum of such investment:

Mr. JAVITS. Right. On such investments.

Mr. FULBRIGHT. Other than loan investments.

Mr. JAVITS. Well, the loan investment is a direct loan. That is a very limited capital proposition. We are not dealing in big funds there.

Mr. FULBRIGHT. Then it says, farther on down:

Provided further, That except for loan investments for credit unions made by eligible credit unions or credit union associations, the aggregate amount of investment (exclusive of interest and earnings) so guaranteed with respect to any project shall not exceed, at the time of issuance of any such guaranty, 75 per centum of the total investment committed to any such project as determined by the Corporation, which determination shall be conclusive for purposes of the Corporations authority to issue any such guaranty: *Provided further,* That not more than 25 per centum of the total face amount of investment guaranties which the Corporation is authorized to issue under this subsection shall be issued to a single investor.

Single investors, I would think, under that kind of project, are not prohibited from having 100-percent guaranties.

Mr. JAVITS. I think they are, Mr. President. With all respect, we are dealing with a special category of credit unions, which is very small, and which we as a matter of policy favor. You can have a 75-percent guaranty to the extent of the total investment, and the American investor could conceivably, under that formula, have a 100-percent guaranteed investment; but other than that—and that is a pretty limited category—I think everybody will agree that the guaranty, other than on loans, shall not exceed, on an investment as such, three-quarters of the investment. I think that is the fundamental point passed by the other body.

I might say to the Senator from Arkansas, I have submitted his amendment word for word exactly as it passed the other body. There has been no change whatsoever.

Mr. FULBRIGHT. In the extended risk guarantees now outstanding there are examples of 100-percent guarantees; does the Senator agree with that?

Mr. JAVITS. I did not hear the Senator.

Mr. FULBRIGHT. In the extended risk guarantees now outstanding, there are examples of guarantees up to 100 percent.

Mr. JAVITS. Only on loans. Not on equity. That is what I have said; only on loans. A loan guarantee can be complete.

Mr. FULBRIGHT. That is right; and they are not that small. I understood the Senator to say they were very small. I call attention to some sizable ones.

For example, in the Dominican Republic, here is a $2,175,000 loan, with a complete 100-percent guarantee, to State Street Bank & Trust Co., for growing milo and other farm commodities. Then there is one for a first-class commercial hotel, valued at $1 million, in Nicaragua.

Mr. JAVITS. I do not want to take the Senator's time, but can the Senator give us the total of those indebtednesses which are guaranteed, as compared with the total of $100 million in extended risk guarantees which are outstanding?

Mr. FULBRIGHT. I have not totaled them.

Mr. JAVITS. We will get that before the debate closes.

Mr. FULBRIGHT. But as to 100-percent guarantee, there are quite a number.

Mr. JAVITS. Only for loans.

Mr. FULBRIGHT. On this list, there are at least 15 projects that are 100 percent guaranteed.

Mr. JAVITS. We will get the figures; but as I say, it is only for loans, not for equities.

Mr. FULBRIGHT. Under existing law, it is only 50 percent for equities.

Mr. JAVITS. I believe so; and the 75 percent provision is a vote to get this thing really moving, so it will mean something.

Mr. FULBRIGHT. There is a question, I think, as to whether this is designed primarily to benefit American business or the foreign country. I have nothing against benefiting American business; but if that is to be done, as I said in my opening comments, I think maybe the proposition ought to stand on its own bottom, in a separate bill. I have discussed this matter with the Senator from New York; and I understood he was not too adverse to that idea, in case his amendment is not accepted here. I do not mean to commit him to that, because he has every right to offer it on this amendment; but I submit that even if it is a good idea, it ought to be under different auspices, and not disguised as a part of the foreign aid bill.

The Senator's proposition is at least slightly ambivalent in that respect, and it is not just designed to help the foreign country. It is also to give opportunities for big business—and Senators will see, when I put this list in the RECORD with regard to those countries that have taken advantage of existing guarantee programs—they are nearly all big businesses. I have nothing against big business; all I am saying is, I do not think it is quite consistent with the concept of aid to the foreign country, although there is some element of it involved.

This proposal is similar in kind of the legislation that established the Export-Import Bank. The Export-Import Bank was not designed solely to help foreign countries; it was clearly designed to help American business, and I supported it. It has had a good effect on American business in financing sales abroad. Assuming, of course, that the products are worthy, and of good quality, and so on, there is some benefit to the foreign country, also. But that is not its main purpose. And it was not created as part of the foreign aid bill.

Members of the Committee on Foreign Relations have traditionally taken the

position that the free enterprise system is subverted when the Government, in effect, underwrites the risks in foreign investments. Two years ago the committee voted to cut the percentage of risk that could be covered under the extended risk program from 75 percent to 50 percent of the investment. The committee report in explaining the action said:

Many members of the committee believe that the high and broad coverage available under this program served to induce American businessmen to invest in marginal products abroad which normally might not be looked upon as sound investments, that it eliminated much of the risk taking element basic to the free enterprise system, and that it offered Government incentives to export capital while similar incentives are not available to encourage economic progress in needy areas of our own country.

Unfortunately, that limitation did not become law but the issues raised in that statement are quite pertinent to the proposed Overseas Investment Corporation.

Although it is said that the corporate device will insure that the guarantee and direct lending programs to be authorized would be run on a businesslike basis, it must be borne in mind that the guarantees issued by this Corporation will be backed by the full faith and credit of the Government. In other words, the taxpayers will foot the bills for any losses above the fees paid in. And with $6.8 billion in specific-risk guarantees already outstanding, and only $78,000,000 in fees collected, the potential for a major setback to the taxpayer is great—if only one country with sizable U.S. investments goes sour.

The potential trouble for the taxpayer is clear from what has already happened with the extended risk program. The sum of $1,130,000 in fees have been paid in and $6,826,500 paid out for losses. And $6,700,000 of that was for one project where, in the words of the General Accounting Office, AID consumed "almost all the risk of loss in a privately owned venture." The U.S. banks that put up three-fourths of the project cost were 100 percent safe—by virtue of AID guarantees. Of the 35 investors in extended risk projects on the books, as of September 30, 15 are 100 percent secured. I point this out, not so much in condemnation of the existing program—although it is certainly not without fault—but to illustrate the possible trouble in giving carte blanche authority to a corporate institution not under the close scrutiny of the Congress.

Bearing these conditions in mind, it is clear that OPIC is not the noncontroversial program which its supporters would have us accept on faith. Its primary purpose is to promote U.S. investment abroad—a subject which is deeply embroiled in controversy and disagreement. Here it might be well to point out that, although the administration has decided it is a good thing to aid our investors abroad, it has been unable to reach any decision on the virtues of the Hickenlooper amendment, which cuts off aid to countries which expropriate U.S. property without adequate compensation.

Mr. President, I wrote to the Department of State soliciting their recommendations on the Hickenlooper amendment. And the Department, in effect, politically declined to take a position on the Hickenlooper amendment.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. Mr. President, does the Senator know whether there will be a yea and nay vote on the amendment? A good many of us have to leave to attend to other business.

Mr. FULBRIGHT. I understand that there will be a yea and nay vote.

Mr. JAVITS. There will be.

Mr. MANSFIELD. Mr. President, let us get it cleared up and put in a quorum call, the time to be charged to either one side or the other.

Mr. FULBRIGHT. Very well.

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

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

Mr. JAVITS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FULBRIGHT. Mr. President, for the benefit of Senators present, although the unanimous consent would extend beyond 2:30, it is our best guess that the vote on the pending amendment will probably be taken about 2:30. That is not final. However, we hope that it will be at that time.

Mr. President, with regard to the last point I made, about the Hickenlooper amendment, I ask unanimous consent that a letter received on November 25, 1969, from the Secretary of State, be printed in the RECORD.

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

THE SECRETARY OF STATE,
Washington, November 25, 1969.

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

DEAR MR. CHAIRMAN: As you will recall I stated I would send you a letter on the Administration's position on section 620(e) of the Foreign Assistance Act of 1961, as amended, known as the Hickenlooper Amendment. This amendment was enacted in 1962 as a means to protect private United States investment abroad. In recent months the question of whether this amendment serves the national interest has become increasingly debated within the Executive Branch.

It is my view that the Hickenlooper Amendment does not add to the President's authority to protect American business abroad, and in fact introduces certain elements of inflexibility that can make it difficult for the Executive Branch to shape a response that is appropriate to and likely to be effective in a particular case. For instance, the six-month time limit prescribed by the Amendment leads to public, time-specific confrontations that make it more difficult to carry out the delicate negotiations that are necessary to resolve these difficult problems. In effect, the Amendment tends to put all U.S. interests in a country at risk on a single issue, admittedly a very important issue.

On the other hand, this provision of law was intended to act as a deterrent to uncompensated expropriations and other actions against U.S. investors in violation of international law. This is an important purpose and a legitimate concern of the Congress. While questions can be raised as to whether the Amendment in its present form is an effective instrument for that purpose, there are different opinions on this matter that deserve careful consideration. In addition, we are faced with some current and potential expropriation situations which would affect both the substance and timing of any position the Department might take on possible adjustments in the Amendment.

I continue to believe in the importance of the role private investment can play in the development process. As the President noted in his address before the Inter-American Press Association on October 31, "constructive foreign investment has the special advantage of being a prime vehicle for the transfer of technology" to developing countries. Whether private investment is attracted to a particular country depends on many factors, particularly busines confidence in the foreign government and its readiness to abide by rules of international law. As the President states "a capital importing country [must] expect a serious impairment of its ability to attract investment funds when it acts against existing investments in a way which runs counter to commonly accepted norms of international law and behavior." I believe this is an important thought we should keep in mind in reviewing the Hickenlooper Amendment.

There is no easy answer to your inquiry, and we are not prepared to take a definite position on the matter under the present circumstances. It follows that we do not have any proposal to change the current law at present. We will continue to study these specific issues in light of the development of events. We shall be happy to share with you any further conclusions we may reach in the future, so that we may have the benefit of your thinking before we make any final decision or announcement of position.

Sincerely yours,

WILLIAM P. ROGERS.

Mr. FULBRIGHT. Mr. President, this certainly indicates that the administration does not have all the answers to this touchy issue of U.S. investment abroad.

In short, the OPIC proposal clearly requires in-depth study by the Senate. To act on it at this time would be to act without any fundamental understanding of what the consequences might be for U.S. citizens, or for the foreigners we are supposed to be trying to help.

I hope that the Senate will not agree to the proposal which contains quite extended consequences if enacted without further study.

Mr. President, as I have already said, I hope that if the measure is considered, it is considered apart from this or any other foreign aid bill.

Mr. President, I ask unanimous consent to have printed in the RECORD a list of the extended risk guarantees outstanding, which also indicates the type of business that is involved in the guarantees.

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

EXTENDED RISK GUARANTEES (OUTSTANDING)

Project	Amount of investment	Amount guaranteed (outstanding)	Project description
Argentina:			
PASA: Morgan Guaranty	$8,325,000	$7,749,500	Large petrochemical complex.
Fish International Constructors	8,325,000	575,500	
Total	16,650,000	8,325,000	
Brazil (total U.S. investment)	99,393,667		
Ultrafertil:			
New England Mutual Life	5,500,000	4,125,000	Fertilizer production and distribution plant.
Connecticut General Life	5,500,000	4,125,000	
Continental Assurance	4,400,000	3,300,000	
Bankers Life (Iowa)	3,300,000	2,475,000	
Northwestern National Life	2,750,000	2,062,500	
Southwestern Life	2,218,000	1,663,500	
Total	23,668,000	17,751,000	
Total U.S. investment	54,005,000		
olombia:			
Cabot Colombiana:			
Cabot Corp	825,000	600,000	Carbon black plant.
Total U.S. investment	2,425,000		
Dominican Republic:			
CODDEA, Inc.:			
Central Aguirre Sugar Co	[1] 900,000	522,000	Land development; growth of milo and other farm commodities.
State Street Bank & Trust	2,175,000	2,175,000	
Aetna Casualty/Surety Co	2,400,000	2,250,000	
Total	5,475,000	4,947,000	
Total U.S. investment	7,960,000		
Nicaragua:			
Nicaragua Hotel Co., Inc.:			
(B. C. Ziegler as agent for) Pan American Life Insurance Co	1,000,000	1,000,000	208-room 1st-class commercial hotel.
Farmers & Traders Life Insurance	100,000	100,000	
Board of Pension of Lutheran Church in America	300,000	300,000	
Sentry Life Insurance Co. of New York	100,000	100,000	
Total	1,500,000	1,500,000	
Total U.S. investment	2,300,000		
Ecuador (CUNA): Arizona Central Credit Union	7,000	7,000	Worldwide pilot program to make loans available to credit unions in developing countries.
Total L.A		33,130,000	
AID: PRR/PIC/FD (as of Sept. 30, 1969).			
Indonesia:			
P. T. Indonesian Satellite:			
Bank of America	1,960,000	845,000	Earth satellite communication facility to be installed near Djakarta.
Connecticut General Life Insurance	2,000,000	2,000,000	
National Shawmut Bank, as trustee	500,000	500,000	
North Atlantic Life Insurance Co. of America	500,000	500,000	
First National Bank of St. Paul, Minn	500,000	250,000	
Total	5,460,000	4,095,000	
Total, U.S. investment	7,205,000		
Korea:			
Yong-Nam Chemical:			
Skelly Oil Co	[1] $5,000,000	$2,500,000	Production of fertilizer at Ulsam.
Swift & Co	[1] 5,000,000	2,500,000	
Total	10,000,000	5,000,000	
Total, U.S. investment	34,200,000		
Purina Korea Co.:			
Ralston Purina Co	[1] 102,000	51,000	Poultry, livestock and feeds.
Chase Manhattan Bank	500,000	375,000	
Total	602,000	426,000	
Total, U.S. investment	762,000		
Thailand:			
Siam Kraft Paper Co.:			
Connecticut General Life Insurance	1,000,000	1,000,000	Production of and sale of pulp and kraft paper.
General Electric pension trust	2,300,000	2,300,000	
National Shawmut Bank (trustee)	500,000	500,000	
First National Bank of St. Paul	275,000	275,000	
Total	4,075,000	4,075,000	
Total, U.S. investment	22,545,000		
Total, FE		13,596,000	
ndia:			
Madras Fertilizers Ltd.:			
Chemical Bank N.Y. Trust Co. (as agent for lenders to be named)	17,250,000	17,250,000	Fertilizer production and distribution plant at Madras.
Total, U.S. investment	31,900,000		
Total NESA		17,250,000	
Africa General:			
Chanas Fund, Inc.: Chan Associates	[1] 500,000	250,000	Medium for small private investment opportunities.
Kenya:			
Union Carbide, Kenya, Ltd.: Bank of America	300,000	225,000	Manufacture and sale of all kinds of dry cells, batteries, and containers.
Total U.S. investment	1,000,000		
Ghana:			
Volta Aluminum Co., Ltd. (VALCO): Kaiser Aluminum & Chemical and Reynolds [2]	8,540,000	8,540,000	4th "potline" at existing alumina smelting facility at Tema.
Total U.S. investment approximate	105,000,000		
Congo:			
Grand Hotels Du Congo: Intercontinental Hotels, Inc	750,000	562,000	250-room high-rise hotel in Kinshasha.
Total U.S. investment	4,785,000		
Total Africa		9,577,000	
Total outstanding worldwide		73,553,000	

AUTHORIZED BUT NOT UNDER CONTRACT

Sponsor and country	Calendar year authorized	Amount authorized	Nature of project
Ramada Maroc, S.A., Morocco	1967	$390,000	Tourist motels.
Hospital de Especialidades, Honduras	1967	539,000	Private hospital.
Adela Investment Co., S.A., Latin America	1968	1,500,000	Agri-business and industries with multinational market potential.
Adela Investment Co., S.A., Latin America	1968	6,000,000	Development banking activities for above.
CUNA, worldwide ($7,000 under contract (Ecuador))	1968	993,000	Credit pilot program to make loans available to credit federations.
Barnard & Burk, Inc., Ecuador	1968	7,000,000	Construction of 6-mile channel, turning basin, piers, warehouses, packing plants, etc.
Interbiochem, Ghana	1969	590,000	Production and sale of variety of pharmaceutical products including tablets, solutions, etc.
Nicaragua Hotel Co., Inc. (increase) Nicaragua	1966	375,000	Commercial hotel.
Zuari Agro Chemicals, Ltd., India	1969	9,625,000	Construction of a fertilizer complex at Goa.
Union Oil Co., Korea	1969	41,000,000	Construction and operation of a 316 megawatt thermal powerplant.
Total		68,012,000	

[1] Eq.

[2] Contract follows prior DLF guarantee; although ERG funds were used here, it does not guarantee against commercial losses.

Mr. FULBRIGHT. I just draw attention to the fact that most of these involve very large financial institutions. It seems to me that most of them are quite capable of taking the risk associated with their investments both here and abroad.

I question that the Federal Government's credit should be put behind all of these, especially to the extent of 100 percent or, for that matter, even 75 percent. As I have said, the committee has already expressed itself as believing that 50 percent is sufficient.

I once more draw attention to the fact that when the programs were initially originated, conditions were quite different than they are today.

At the beginning of both the foreign assistance and guarantee programs, the United States was not in the very critical condition in which it finds itself today.

There has been a dramatic change in the financial and economic conditions in this country relevant to the rest of the world.

It was not too many years ago—it was just a little over 10 years ago—that we were reading daily of the dollar gap. This country had nearly $25 billion in gold and all other countries were suffering from a real lack of purchasing power. We were searching for ways to bring back a better balance between the economy of the United States and not only the underdeveloped world but even Western Europe. There has been a dramatic change. Our gold reserve, as we all know, is now in the neighborhood of $10 billion. We will have a deficit in our balance this year estimated at $10 billion, the largest of any year since World War II—a very disturbing element. The stock market in recent years, which is one of the best economic barometers, at least in the estimate of our best business people, has been recording new lows for 3 years or so.

Our economic and financial situation has changed considerably. Therefore, justification for the expansion of some of these assistance programs simply does not exist.

For that reason and for the reasons I have already outlined, I hope that the Senate will reject the OPIC amendment.

The PRESIDING OFFICER (Mr. COOK in the chair). Who yields time?

Mr. JAVITS. I yield myself 10 minutes.

Mr. President, I have heard with deep interest and with great respect the observations of the chairman of our committee. I wish he were on my side, because I think that everything he wants, basically, in terms of a policy of the United States, will come much closer to realization if we do than if we do not.

I am, nonetheless, living in a practical world; and, not being able to implant my mind in his, I must deal with the arguments he makes.

The first and most important question is: Shall we put this proposal in the foreign aid bill? Of course, that question has been answered for us in two ways: one, since the foreign aid bill began, the guarantee of private investment has been a party of the foreign aid bill. I was one of those who began it back in my days in the other body, when I was on the Foreign Affairs Committee and when with Representative Voorhees, of Ohio, and we wrote the investment guarantee program. This is one part of the bill—this, it seems to me, is a very decisive fact—about which there has been no complaint. This is the one part of the foreign aid program of the United States in which there has not been controversy and attrition. We have been deeply embroiled in controversy abroad about many things in the foreign aid program, but not, so far as I know, about the guarantee program. On the contrary, that has operated, and seemingly has operated very well, to the satisfaction not alone of ourselves, but of the host countries as well, which is very important. This is borne out by a very high level meeting which has just been held in Amsterdam.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. Does the Senator say there has been no complaint among the American companies who benefit from the investment guarantee program, or is he saying there has been no complaint from foreigners about American investment in their countries.

Mr. JAVITS. I did not say either. All I said was that the guarantee program of the foreign aid setup has not come under controversy abroad, so far as I know. I am willing to be corrected. I am going to deal with the American investment, the Servant-Schreiber concept, and so forth. But the guarantee program as an element of the foreign aid program has been singularly free of controversy.

Mr. FULBRIGHT. Will the Senator admit that there has been some controversy about the Hickenlooper amendment?

Mr. JAVITS. Yes, but that has nothing whatever to do with the guarantee program. The Hickenlooper amendment is an effort to make the President of the United States do something about something he may think to be inimical to the interests of the United States. I voted against it—I do not know about the Senator from Arkansas, but I believe he may have voted against it, too—on policy grounds, not because it had anything to do with investment guarantees.

To continue, Mr. President, the next point made is that this may be a device to help American business rather than a means to help the less-developed countries. It seems to me that the less-developed countries are the best authority on that. It is very interesting to me that the Pearson report, entitled "Partners in Development," the great World Bank mandate on this subject, reads as follows, at page 105:

> We have received the definite impression that most low-income countries would welcome a larger flow of foreign investment, sharing our belief that such flows would contribute to their faster growth. How can that flow be stimulated?

That is the question asked by the committee.

I refer now to a panel which met in Amsterdam. The participants in that panel included some of the most eminent names in the economies of both the developed and the less developed countries, and of the international financial organizations of the world.

It concludes with the recommendation of the panel, and I beg the Members to look at its composition—really distinguished and high level people. The recommendations of this panel are as follows:

> If a satisfactory rate is to be achieved—

That is, a satisfactory rate of growth—

> there must be a massive increase in the rate at which capital is flowing into the developing nations from outside sources.

It seems to me that all the world is crying for precisely this, and because it is the best kind of business for the United States, it should commend itself to us, rather than discourage us from it.

If I and the others who support this concept have demonstrated that it represents intelligent business and it answers a demand of the whole underde-

veloped world, then it seems to me that it is certainly the kind of proposal to which we should give our support.

The other point made—and I yield to no one in my respect for Senator FULBRIGHT's standing and prestige and interest in the whole field—is that the taxpayers in some way will pay the bill for any losses. Of course, that is the whole function of an insurance company—the taxpayer pays the bill for losses.

Senator FULBRIGHT has used the figure of $6.8 billion in specific risk guarantees, as they call them, which are really risks against war, insurrection, inconvertibility, and so forth, as a big liability to worry us. But that is a liability in which there has been an extraordinary record of no requirement for payout, and that has been on the books for 20 years. That record is fantastic, as a matter of fact. There is more risk in the extended risk guarantee, but the premium can be adjusted to take account of that risk. At present it is 1¾ percent, and the investment guarantee program is still operating at a big profit in terms of even the losses it has had to pay out, which Senator FULBRIGHT said were roughly $6 billion.

But when we compare the $79 million take in premiums with the $11 million payout for all kinds of losses over an actuarial record of 20 years, this becomes a pretty safe proposition.

The final thing I should like to deal with, which I think is important in respect of Senator FULBRIGHT's position, is the financial condition of the United States, that we did have a dollar gap, and that now we are in difficulties on balance of payments and exports.

Mr. President, it is precisely because of this that this proposal is before the Senate now, because the whole world is changing; and, whereas, in a world which was beaten up by war, our merchandise exports produced a major surplus, now the whole world is catching up with us in competition. Japan and Germany are the outstanding examples in merchandise exports. There is no use knocking our head against a brick wall. Indeed, we are doing pretty well and still maintaining nearly a billion dollars in surplus exports over imports. We must find new ways, and one is increasing overseas private investment flows. It is the thing that is saving our balance of payments now, when we are realizing a surplus of interest and profits payments over what is going out in overseas private investments. It is the one way to buck up our exports.

Maurice Stans will tell you that the greatest way to improve American exports is by exports which go to American manufacturing plants abroad, because they have a relationship to their American counterparts, and so forth. In addition, exports, as the British have shown for three centuries, are not just hard or soft goods; exports are also in technology and in management. There are the things overseas private investment contributes to.

Mr. FULBRIGHT. Mr. President, will the Sentor yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. The Senator just reminded me of the ambivalent nature of this matter. I do not think the Senator can have it both ways; that is, primarily aid to foreign countries and, at the same time, primarily aid to American business. It is true there is a little of each involved, but I think from the Senator's remarks it is clearly a method to assist American business. I have no objection to that. But I do object to it being labeled as foreign aid. If OPIC is going to be primarily an aid to business, it is like the Export-Import Bank, and it should be financed separately from the foreign aid bill.

Mr. JAVITS. Mr. President, I most respectfully differ with the distinguished Senator from Arkansas, and state that I reject that idea. The fact that a particular enterprise may induce American business to go into areas and participate in multilateral ventures and with local individuals or business firms, is the thing we want to encourage in the American economic position. Big business is now going into developed countries because underdeveloped countries are not attractive. With the corporate set up there would be the ability to attract small businesses into a field in which they are not now engaged.

The total export in overseas investment business of the United States is now in the hands of only 5 percent of American business concerns. The other 95 percent are not interested or have not found the vehicle for the purpose. The effort here is to establish such a vehicle as we did with the Export-Import Bank, which was financed as we propose to finance the OPIC. Its basic capital was first put up by the United States. That is the only way it was able to get off the ground.

I share the Senator's hope—it has always been my dream—that a great AID corporation would be established in this Nation owned by investors. I think that was the dream of the father of the Senator from Massachusetts (Mr. KENNEDY); that that would be the ideal way in which the heart, brains, and skill of America could contribute to developing the world.

Mr. McGEE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. McGEE. Mr. President, the Senator from New York has been the dynamo in triggering this rather imaginative approach to the AID program. I think it would be helpful for the RECORD if he would indicate the difference between the smaller businesses this would tend to inspire into the development aid field in contrast to the larger ones. What would be the dividing line?

Mr. JAVITS. The fundamental differences are three. First, the fact that a corporation is expressly set up to seek out opportunities which, with sensitivity and education, can be of interest to American investment as well as to the host country. This is essential. We are practical enough to know it is tough for a Government agency to do. A private agency can do that. Second, we now make possible through this corporation a mix of investment. You can get a consortium of small companies for which this kind of corporation can be the trigger. The Senator will remember the New York plan in World War II which enlisted small companies through a consortium. That is the only way they could have technology and other factors which were needed.

It must be enterprising or we will junk it. They can be linked up with indigenous investors, which is a new concept in international investment. That is the second point.

The third point is on the financial side. There is something of a better opportunity with respect to the 75-percent guarantee than the 50-percent guarantee of extended risk, even though the principal is higher. Also, this corporation gives a little capital, has the opportunity to add a little money as long as there is a guarantee to sweeten the situation. These are the ways in which they can at least double the operations now going on under the program. That is why we suggest taking the existing program and making it more ambitious.

The $20 million appropriated by the other body and the $20 million for the following year, making a total of $40 million, would come out of repaid loans. There is no new money. It does not go down the drain. The United States owns the corporation, for it owns the reserve. The only question would be if it would be called on.

The clinching fact is that in 20 years—that is how long this company has been operating—there is an extraordinary actuarial record.

Mr. McGEE. In 20 years what has been the record of loss?

Mr. JAVITS. They have losses of $11 million in 20 years. That is their accumulative payout in terms of collected premiums of $79 million. It is true most of those premiums were paid for the rather conservative guarantee insurance against no risk and so forth, but that is going to go on, and it will get bigger as the other program gets bigger. It is like casualty insurance. If you are going to have investment abroad, you might as well have it. That cannot be left out.

Mr. McGEE. Are any figures available over that period of time to show what this generates in terms of activity?

Mr. JAVITS. Yes, that is a very good question. I just had a note on that from the AID people. Incidentally, this is their program and not mine. Their program differs from mine. I had much more ambition.

I talked to the Secretary of State and he authorized me to tell the Senate this morning that he favors this.

Reloan guarantees, I am advised by AID people—that the business, the investment which was generated—by the $100 million of outstanding extended risk guarantee—that is the business guarantee—is $500 million, or 5 to 1.

That is $500 million in investments upon which they gave $100 million in extended risk guarantees. The Senator from Arkansas has argued against it. One can pick out that they got a 100-percent guaranty to take no risk but you have that in every business transaction and you cannot do business on that basis, and if you are going to try to, it is like denying you made $1.98.

Mr. FULBRIGHT. Mr. President, will the Senator yield so that I may ask this question?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. What would be the dollar cost of initiating this program?

Mr. JAVITS. The dollar cost is nothing. It is an investment of $20 million of capital this year, and an investment of $20 million next year, and a reserve fund if they appropriate for it, of $75 million, and that is all. That $40 million comes out of the unpaid loan on AID of $75 million, which still remains in the bank and belongs to the United States, except it is earmarked as a reserve for guarantees.

Mr. McGEE. Have more limited programs or an experimental approach to projects of this kind been returned already?

Mr. JAVITS. Of course. I have given the Senator the figures. There is no question about those; $11 million in losses and $80 million in fees. They figure that the fees will make now, in the next 5 years, $130 to $140 million. That is the forecast.

Mr. McGEE. It seems to me that the advocacy by the Senator from New York of OPIC is an updating of what many of us have hoped or dreamed about in the very darkest days, of the urgent need for an AID program many years ago, when the capability of countries to begin developing in the private sector with the operation for development would become close enough to risk-taking, so that the whole program could begin more completely to take care of its own needs. I would hope that the Senator will prevail in his petition to this body because I believe we are approximating that point in the history of AID to where we are bound to implement this long-term basis through programs such as OPIC. I think the comments made here establish its risk-taking qualities; namely, that there is almost no risk in it, that the only risk would be probably for those marginal and smaller financial groups who have another operation, at a more lucrative level, with less risk and, thus, do not go into the developing field in some of the developing areas of the world.

Inasmuch as this covers them in this regard, I would think that this would be the kind of topping on the long-term expectation of an AID program.

I suppose there is one blind spot in it which would be that it does not cost us anything. We become so accustomed to aid costing someone something that it is difficult to place it in that same context. But I intend to support the amendment, of which I am a cosponsor, and I would hope that the Senate would be willing to take a chance on it.

That word "chance" is straining the point because there is virtually no chance being taken. I think it might become a pilot effort in a very significant way which would help us to restructure other aspects of the economic assistance program that we have been undertaking and underwriting for a long period of time.

Mr. JAVITS. I am very grateful to my colleague for his very gifted intervention and I would express the hope with him that this could be a way in which we finally get out of the treadmill on which we have been standing for a long time. I now still propose to ask, if we do not act on the theory that, "Well, put it in a separate bill"—someone else's report, we complain about it, we do not like it, we will do something else—but when something comes along that does not seem, really, to have anything wrong with it, at least we fall back on the proposition, "Let us not do it right now. Let us wait. Let us do it in a separate bill."

Mr. McGEE. That is part of the key where we are at a very critical point in our whole approach to economic development, to technical assistance, and to development assistance in those needful parts of the world. We keep saying to each other in our dialogs that some day we must restructure this, that we have got to go off in another direction. Here is a very perceptive attempt to get off in that other direction.

I think, rather than set it aside separately, that it becomes, in effect, a kind of transitional effort from an old AID approach to the chance for a new approach which most of us agree is imperative, while we await the Peterson report, while we are waiting for other approaches that might be suggested by still other groups concerned in this field. At least we point in a direction. We take a step in the direction of regrouping, updating, modernizing, and supplying a new element of imaginativeness in this approach to economic assistance. We believe that it would be consistent, in fact imperative in the affairs of this country that we be the initiator of this endeavor.

Mr. JAVITS. I am very grateful to my colleague from Wyoming.

Mr. STEVENS. Mr. President, will the Senator from New York yield?

Mr. JAVITS. Mr. President, I yield 10 minutes to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized for 10 minutes.

Mr. STEVENS. Mr. President, I congratulate the ranking Member of the minority on the select committee for having brought before the Senate this amendment to authorize the Overseas Private Investment Corporation.

Having been one of those fortunate enough to attend the Development Assistance Committee meeting in Paris this fall as cosponsor of the amendment, I want to say a few words in support of it.

I believe that the Senator's amendment has brought before us a new way to put our productive overseas investment of U.S. capital under a businesslike, financially self-sustaining program. Such a program should lead to the development of better relations with the countries where investments are made, and certainly should effect a reorganization of the private investment incentive programs that AID has been pioneering in the past.

It is particularly important to note that the way the Senator's amendment has programed the financing of this innovation is one which will not produce a staggering burden upon the Treasury.

Rather, the plan of taking the AID loan at the rate of $20 million each year for a 5-year period in addition to an initial appropriation of $75 million under the guarantee program, I think, is one that can be financed under current circumstances.

We have been hearing much about the Treasury and the ability of the Government to undertake new programs. Here is an enlightened and significant new program which can be financed without the burden falling upon the Treasury.

OPIC would improve the development assistance programs in at least three new ways.

First, through the corporate form of organization, it could provide the efficient structure which the AID program has lacked as a Government agency, and could provide a business management of overseas business investments through the Overseas Private Investment Corporation.

Second, through the joint public-private board of directors, OPIC would, for the first time, make full use of the private, managerial experience and broad business participation of development overseas. However, it would still function under the overall policy guidance of the Department of State and AID and, more significantly, under the annual review of Congress so far as the budget is concerned.

Third, OPIC legislative authorities would apply specific political guidelines to determine how incentives should be administered, under which kinds of investments, and under what circumstances, thus assuring maximum economic and social benefits from the private projects of overseas investments of U.S. private capital.

I think it is very important that we put OPIC into effect as soon as possible so that we can have the standby guarantee support of private project financing. Considering the direction that many of the countries of the world have taken, we know that similar projects have been successful in Great Britain, France, and West Germany, and that there is a similar project being formed in the Netherlands. Of course, the World Bank, the International Finance Corporation, the Export-Import Bank of the United States provide assistance to U.S. exports which OPIC would provide for U.S. investments.

I again want to congratulate the senior Senator from New York for his action in bringing the amendment before this body with bipartisan cosponsorship. I urge its adoption.

Mr. JAVITS. Mr. President, I am prepared to yield back the balance of my time, just reserving 30 seconds to say that I have just conferred with the Senator from Massachusetts (Mr. KENNEDY). The provisions for agricultural credit and self-help community development projects which are contained in the amendment which he submitted are contained in my amendment only because we have the whole OPIC provision as contained in the House package word for word. Is that correct?

Mr. KENNEDY. Yes. I do desire to be shown as a cosponsor of the amendment of the Senator from New York. The text of my intended amendment is included in the pending amendment, and its passage would make unnecessary the offering of the amendment I have introduced.

Mr. JAVITS. Mr. President, I ask

unanimous consent that the Senator from Massachusetts (Mr. KENNEDY) may be made a cosponsor of my amendment.

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

Mr. CHURCH. Mr. President, I yield myself 1 minute.

In line with the well-established custom of the distinguished Senator from New York, I shall be very brief.

I think the proposal that the Senator from New York offers has much to commend it. I shall vote against the amendment, however, in line with the decision made by the committee to confine this bill to the old, existing program, and not to adopt any of the innovations that are now contained in the House version of the bill, for the purpose of expediting the Senate's passage of this measure.

However, it is my hope, if the amendment is rejected, that the Foreign Relations Committee will take the proposal up as a separate bill, hold hearings early next year, and proceed to the consideration of its merits.

I simply wanted to make that clear for the Senator from New York and for the record, because I think a very good case can be made for the establishment of OPIC.

Mr. RANDOLPH. Mr. President, my able colleague from Idaho (Mr. CHURCH) expresses a concern that is not rare in this Chamber, that we are asked to support measures without sufficient consideration having been given them. There are occasions when this is true, but we are not faced with one of them now.

The Senator from New York (Mr. JAVITS) has removed that possibility with his persuasive analysis of the Overseas Private Investment Corporation proposal. To my thinking, he eliminated all doubt about the merit of this measure by the compelling case he has presented in this Chamber today.

This is one of those ideas whose time has come, and I do not believe we should delay in providing the machinery to more effectively make American business acumen and capital available to those developing nations where it can be the most beneficial.

Mr. President, despite our efforts of the past quarter century, there still exists a great economic disparity between the rich nations and the poor nations. And it is all too true that there is a tendency for the gap to grow. It is, therefore, imperative that additional resources be committed to the worldwide struggle against poverty and deprivation that is accentuated by the slow economic growth of so many developing nations.

It has been a basic tenet of this Nation to help people improve their own situations. Our foreign aid programs have operated on this principle, and the Overseas Private Investment Corporation would commit the added muscle of the American private enterprise system in an organized and efficient manner.

The corporation proposed in this amendment, which I cosponsor, would not be involved in a Government spending program. It would, rather, assist in the channeling of American capital and expertise to those areas of the world where they could be most beneficial to both the investors and the host countries.

The American free enterprise system is known and envied for its skill and efficiency in organization and management. It would be incongruous if we failed to provide the means for bringing these qualities into the distribution of our economic resources to other nations.

The Overseas Private Investment Corporation would meet this need, and I urge adoption of the amendment.

Mr. FONG. Mr. President, I rise to support the amendment that is now under consideration. This amendment is designed to restore authority to establish the Overseas Private Investment Corporation—OPIC—as originally requested by President Nixon and approved by the House of Representatives in H.R. 14580.

Authority to create OPIC was excluded from the Senate Foreign Relations Committee authorization bill because it was felt that the only way to bring the bill to the floor for vote in the time available before recess was to eliminate all new authorities provided in the House-passed bill.

Mr. President, I do not agree with that line of reasoning and I hope the majority of Senators do not either. I sincerely hope that most of my colleagues will agree with me that OPIC is urgently needed now. We definitely need to find new ways to implement and supplement our foreign assistance program, and I am confident that OPIC will go a long way toward meeting those goals.

Before going any further, I want to assure my colleagues that through the creation of the Overseas Private Investment Corporation may be a new idea and tool in our foreign aid program, its major functions of providing investment insurance and investment financing are not new. OPIC would simply be taking over and building upon these functions which are currently under AID's Private Investment Center.

The political risk insurance program has been the largest and, I might add, profitable program that OPIC would be inheriting from AID. This program has grown sharply over the past 5 years and there is now outstanding nearly $7 billion of total insurance. If the projected insurance program level for OPIC is achieved, between $1.2 and $1.4 billion would be issued in each of fiscal years 1970–74. And as the size of the insurance portfolio continues to increase, it is only reasonable to expect claims activity to increase as well. The anticipated amount required to carry out this projected program is $80 million.

As of December 31, 1968, the reserves under our political risk insurance program and the extended risk guarantee program totaled approximately $120 million of which $62.6 million came from profits under these two programs and $57.4 million from appropriated funds. The political risk insurance program accounted for the lion's share of the $62.6 million that accumulated from earnings—after administrative expenses and claims—from our insurance and guaranty programs. And AID expects that an additional $15 million will be generated from net fee income by June 1970—the target date for the creation of OPIC. In other words, we will be profiting from the insurance and guarantee programs to the sum of $77.2 million by the time of incorporation.

At that time, it is anticipated that OPIC will have an outstanding extended risk guarantee portfolio that will approach $200 million of which 25 percent or $50 million must be held as reserves.

AID anticipates its program for 1971 to approach $150 million. Consequently, the guarantee reserve must be available in the amount of approximately $90 million by the end of fiscal year 1970 to back up the anticipated outstanding portfolio of $200 million and the new business expected to be concluded during fiscal year 1971 of $150 million; that is, 25 percent of $350 million or about $90 million in reserves.

In other words, Mr. President, the total amount that is needed to maintain the present and anticipated insurance and guarantee program will be approximately $170 million; that is about $80 million for the political risk insurance program and about $90 million for the extended risk guarantee program. To meet the projected reserve requirements of these programs, the following would be available to OPIC:

First, $120 million in present reserve program of which $62.6 has been earned and $57.4 appropriated—as passed by the House, section 204(d)(4)(B) a total of $35 million shall be made available from the above amount to AID as a separate reserve for the housing guarantee programs around the world; thus, leaving only $85 million from the present reserves for insurance and guarantee programs.

Second, $15 million in net fee income collected from premium payments from January 1, 1969, to the date of OPIC's incorporation.

Third, $75 million appropriation in new obligational authority as proposed. This makes a proposed total of $175 million in reserves for the insurance and guarantee programs.

DIRECT INVESTMENT

Mr. President, in addition to the political risk insurance programs, the third major program is the direct investment fund which will be established to finance dollar loans and other direct debt participation where it is judged necessary for high priority projects to go forward.

Total initial capital in the direct investment fund will be $100 million. It will be paid in on call of the Corporation at the rate of $20 million each year for 5 years, using the money received from principal and interest of prior loans.

These, then, are the three major programs that will be under the control and jurisdiction of the overseas private investment program.

Mr. President, in closing I would like to point out three practical and desirable reasons why it would be to our advantage to create OPIC:

First. For the businessman, OPIC will mean that his business questions, ideas, and plans will be handled in a business environment. His need for prompt, knowledgeable, and authoritative decisions can best be met by such an organization.

Second. For both the Congress and the

executive branch, the corporate structure and financial disciplines of the balance sheet, earnings statement, and annual operations report will result in a complete picture of costs and benefits of the programs as a basis for evaluation of performance and judgment as to future program development. The responsibility and accountability of these programs to Congress would certainly increase and improve.

Third. For OPIC itself, the corporate structure and business environment, together with the joint public-private nature of the Board of Directors, will enable it to attract the best available business talent to administer its programs.

Mr. President, I sincerely believe that OPIC represents, in the field of foreign assistance, an idea whose time has come. I, therefore, urge my colleagues to support this important amendment which is designed to create the Overseas Private Investment Corporation.

Mr. KENNEDY. Mr. President, I support the amendment offered by the distinguished senior Senator from New York. At this time, I would like to speak in favor of one provision in particular of the amendment—the proposed new section 240 of the Foreign Assistance Act. The purpose of this provision is to establish a pilot program of guarantees for community self-development loans for Latin America. I introduced those provisions as S. 3076 in the Senate last October, and similar legislation was introduced in the House of Representatives by Congressman JOHN E. Moss of California. If the amendment offered by Senator JAVITS fails, I intend to introduce this provision as a separate amendment which is now printed as amendment No. 423.

The primary purpose of the provision is to fund a $15 million program under which the United States would guarantee loans by private Latin American banks and other financial institutions to low-income groups who have no other reasonable source of credit to finance community self-development projects.

Mr. President, I wish to emphasize that the program established by the provision would be modest in scope, since it is intended to be a 3-year pilot program, to be carried out in no more than five Latin American countries.

Under the provision, guarantees of up to 25 percent would be available to encourage loans for a variety of urban and rural community self-development projects in Latin America. As illustrations of the types of projects that are intended to be encompassed by the program, the provision lists the following: wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, food industry development, nutrition projects, improved breeding stock for farm animals, sanitation facilities, and looms, and other handicraft aids. These examples, however, are only a small part of the immense variety of community development projects for which assistance might be available under the bill.

Section 240 is designed to help the millions of people in a thousand cities and villages throughout Latin America. It is for the campesinos on the farms and for the workers in the factories. It offers them a new message of hope. It offers them a better and more abundant life to accompany their love of human dignity and freedom.

The key feature of the provision is in its emphasis on Latin American financing for Latin American development. By encouraging private Latin American institutions to lend funds for community development projects in their own nations, the provision is designed to promote a system of joint participation by both the rich and the poor in Latin American development.

In recent years, we have witnessed the birth of a remarkable precedent for the program proposed in the bill. Since 1966, the Pan American Development Foundation—PADF—has sponsored a similar type of program in a number of Latin American countries. The PADF, a private development foundation, was established in 1963 upon the recommendation of the Organization of American States.

One of the primary goals of the PADF has been to encourage the private sector in Latin America to play a greater role in Latin American Community development. To achieve this goal, the PADF has sponsored the establishment of local Latin institutions known as "national development foundations." These local foundations—or NDF's—are entirely autonomous. They help to mobilize the personal energies and financial resources of all social and economic levels in Latin America in order to foster more extensive involvement in a broad spectrum of community self-help development projects. By stimulating the use of private nongovernmental resources, the foundations supplement official government efforts and accelerate the rate of local development.

The NDF program is a major new idea in Latin American economic development. The essence of the program—which is carried forward in section 240—is to provide credit in the form of small loans on reasonable terms to finance community projects in cases where conventional forms of bank credit are not available. Unlike the traditional U.S. foreign aid program, which provides grants to governments and loans and loan guarantees to wealthy American developers, the NDF program reaches out directly to all the people. It thereby helps low-income groups in Latin America to become partners in the development process, rather than merely waiting for the benefits of capital development to "trickle down" to the lowest social level.

For this reason, the NDF program has been widely acclaimed as the best new idea in foreign aid since the Marshall plan.

The NDF program has been a pioneering approach to development by the private sector in Latin America. Each national development foundation draws its board of directors and staff from within the country in which it is established, and determines its own policies and procedures. By relying on persons already active in each country to stimulate loan requests, such as agricultural extension agents, village priests, teachers, community development workers, Peace Corps volunteers or Government health workers, it has been possible for the foundations to function effectively on extremely low administrative budgets. This is why I believe that even the modest funding for the pilot program I have proposed can be enormously effective.

The first national development foundation was established in the Dominican Republic in July 1966. Since that time, similar foundations have been established in four other Latin American nations—Chile, Colombia, Ecuador, and Guatemala. In addition, national development foundations are now being organized in eight other nations—Argentina, Honduras, Mexico, Nicaragua, Panama, Peru, Uruguay, and Venezuela.

In the 3 years since this private program was instituted, the existing national development foundations have extended about $1 million in loans to approximately 1,000 community groups in Latin America. Perhaps the most remarkable aspect of the program is that repayment of the loans is averaging better than 95 percent—in spite of the fact that the loans are largely unsecured in the traditional sense and are made to the most marginal sectors of the economy. Obviously, as the extraordinarily high rate of repayment demonstrates, the loans have a higher security—in the sense of new responsibility, pride and integrity engendered in citizens who have become partners in development.

The flexibility of the NDF program has enabled it to operate at a level which neither commercial nor government banks can presently reach. The heart of the new approach is the flexibility of the loan repayments—they can be tailored realistically to the ability of the people to repay them.

For example, loans have been made to finance projects such as:

GUATEMALA

A typical loan of $4,000 for a water-pump and irrigation pipe, improved seed and fertilizer, and insecticide for an agricultural cooperative of 60 families is repaid at the rate of $1 a month per family over a period of 6 years.

A $65 loan to a 4–H club of 15 young men to purchase 100 chicks, necessary equipment, and medicines is repaid at a rate of 5 cents a week per club member in less than 2 years.

Loans to rent bulldozers to make roads through forest areas to take food to market.

Loans to Indian communities to help them obtain for the first time in their history a mortgage and title to the land they have been sharecropping.

Loans to purchase cement to seal off the dirt floor of a home, to put screens on doors and windows, to replace thatched roofs with tile or tin.

Loans to purchase a portable gasoline-powered generator to bring light and power to a community long isolated but desiring change so badly that it is repaying the $1,500 loan at the rate of 5 cents per family per week, so that the loan will be completely repaid in 4 years.

DOMINICAN REPUBLIC

Loans to increase agricultural productivity. Such loans have financed the purchase of oxen to replace hand labor, and the purchase of tractors to replace oxen.

Loans to purchase steel plows to turn the earth, where before sharp sticks merely scratched the surface.

CHILE

Loans to purchase sewing machines and materials for home improvement projects by rural youth leaders long frustrated by the lack of such equipment.

Loans to farming and fishing cooperatives, to enable the people to escape their dependence on middle men.

Loans to purchase building materials for storage facilities to escape the age-old system of "glut and famine" marketing.

ECUADOR

Loans for pumps to bring water from underground and river resources to irrigate fields of rice and pasture.

Loans for new village wells for clean drinking water.

Loans to purchase Coleman lanterns for health clinics, so that the visiting nurse can stay later in the evening to provide medicine and comfort to Indian communities located high in the Andes.

Loans for acetylene torches, shoe repair machinery, and weaving looms to stimulate new and more productive small business ventures.

Mr. President, the history of the national development foundations is far more than the mere history of loans to the poor to take the first steps toward realizing their expectations for a better life. It is also the history of changing attitudes and motivations among both the rich and the poor of Latin America. It is a recognition of the emerging truth that effective development programs are not the special prerogative of a particular economic or social class, but must be carried out with the shared participation of all citizens.

It is time for us to begin to build on the experience of these national development foundations, and to foster the creation of similar programs where the need exists in Latin America. The amendment I am introducing today is a step toward achieving this goal, and I am hopeful that it will be favorably received by the Senate.

Mr. DOLE. Mr. President, I am pleased to be a cosponsor of Senator JAVITS' amendment granting authority to establish the Overseas Private Investment Corporation.

OPIC holds great potential for the U.S. national and private interests, and it also promises to impart a new dimension and impact to the economies of developing nations throughout the world. OPIC's programs, while designed to stimulate domestic business enterprise, will be concentrated in areas which will produce benefits in the most crucial areas of developing foreign economies.

By building upon the beginnings already made in this field by the Agency for International Development's Private Investment Center, the Corporation will achieve valuable savings in program development and organization. By the nature of its separate and specialized corporate identity, it will avoid many of the obstacles inherent in traditional governmental structures and administration, while taking advantage of both public and private experience and personnel.

It is encouraging to note the wide range of support OPIC has received in Government, from the private sector, through foundation studies, and on both sides of the House and Senate.

Mr. President, I urge my colleagues to support this amendment, for at small cost, it will bring considerable benefits to the United States and to the people of developing nations around the world.

Mr. JAVITS. Mr. President, I yield back the remainder of my time.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to amendment No. 424. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Tennessee (Mr. GORE), the Senator from North Carolina (Mr. JORDAN), the Senator from Louisiana (Mr. LONG), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. JORDAN) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Iowa (Mr. MILLER), the Senator from Vermont (Mr. PROUTY), and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Iowa (Mr. MILLER) would vote "yea."

On this vote, the Senator from Illinois (Mr. SMITH) is paired with the Senator from Arizona (Mr. GOLDWATER). If present and voting, the Senator from Illinois would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 53, nays 34, as follows:

[No. 225 Leg.]

YEAS—53

Aiken	Harris	Moss
Allott	Hart	Murphy
Baker	Hartke	Muskie
Bayh	Hatfield	Packwood
Bennett	Hollings	Pastore
Boggs	Hughes	Pearson
Brooke	Inouye	Pell
Cannon	Jackson	Percy
Case	Javits	Randolph
Cook	Jordan, Idaho	Schweiker
Cooper	Kennedy	Scott
Cranston	Magnuson	Sparkman
Dodd	Mathias	Spong
Dole	McGee	Stevens
Fong	McIntyre	Thurmond
Goodell	Metcalf	Tower
Gravel	Mondale	Williams, N.J.
Griffin	Montoya	

NAYS—34

Allen	Ervin	Proxmire
Bible	Fannin	Ribicoff
Burdick	Fulbright	Russell
Byrd, Va.	Gurney	Saxbe
Byrd, W. Va.	Hansen	Smith, Maine
Church	Holland	Stennis
Cotton	Hruska	Talmadge
Curtis	Mansfield	Williams, Del.
Dominick	McCarthy	Young, N. Dak.
Eagleton	McClellan	Young, Ohio
Eastland	McGovern	
Ellender	Nelson	

NOT VOTING—13

Anderson	Long	Symington
Bellmon	Miller	Tydings
Goldwater	Mundt	Yarborough
Gore	Prouty	
Jordan, N.C.	Smith, Ill.	

So Mr. JAVITS' amendment (No. 424) was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, I ask unanimous consent that the Senator from West Virginia (Mr. RANDOLPH) be added as a cosponsor of the amendment.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 13270) to reform the income tax laws; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. BOGGS, Mr. WATTS, Mr. ULLMAN, Mr. BYRNES of Wisconsin, Mr. UTT, and Mr. BETTS were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 44) to authorize printing of manuscript entitled "Separation of Powers and the Independent Agencies: Cases and Selected Readings," as a Senate document, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 4249. An act to extend the Voting Rights Act of 1965 with respect to the discriminatory use of tests and devices; and

H.R. 15209. An act making supplemental appropriations for the fiscal year ending June 30, 1970, and for other purposes.

HOUSE BILL REFERRED

The bill (H.R. 15209) making supplemental appropriations for the fiscal year ending June 30, 1970, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

H.R. 2208. An act for the relief of James Hideaki Buck;

H.R. 4560. An act for the relief of Sa Cha Bae;

H.R. 5133. An act for the relief of Pagona Anomerianaki;

H.R. 6600. An act for the relief of Panagiotis, Georgia and Constantina Malliaras;

H.R. 7491. An act to clarify the liability of national banks for certain taxes;

H.R. 10156. An act for the relief of Lidia Mendola; and

H.R. 11503. An act for the relief of Wylo Pleasant, doing business as Pleasant Western Lumber Co. (now known as Pleasant's Logging and Milling, Inc.

FOREIGN ASSISTANCE ACT OF 1969

The Senate continued with the consideration of the bill (H.R. 14580) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world to achieve economic development within a framework of democratic economic, social, and political institutions, and for other purposes.

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

The PRESIDING OFFICER. The amendment will be stated.

The BILL CLERK. The Senator from Connecticut (Mr. DODD) proposes an amendment as follows:

On page 88, strike lines 10 through 18.

(The language sought to be stricken is the following:)

RESTRICTIONS ON MILITARY AID TO GREECE

SEC. 203. Part II of such Act, relating to military assistance, is amended by inserting between sections 508 and 509 the following new section:

"SEC. 508A. RESTRICTIONS ON MILITARY AID TO GREECE.—Military assistance to Greece under this Act shall, until further action by the Congress, be limited to expenditure of funds obligated prior to the date of enactment of the Foreign Assistance Act of 1969."

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation of 20 minutes on this amendment, to be equally divided between the Senator from Connecticut and the manager of the bill.

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

Mr. DODD. Mr. President, the section which I propose to strike is an amendment offered in the Foreign Relations Committee, in the course of the discussion on the foreign aid bill. In essence, it prohibits further grants of military aid to Greece beyond that which is already in the pipeline.

As stated in the report:

The purpose of this prohibition is to demonstrate to the Greek government and to the world that the current military regime does not enjoy the backing and support of the U.S. Congress.

I know of no Member of the Senate or of the administration who does not share the desire to see the return of free constitutional government in Greece.

For that matter, there is good reason for believing that the administration has been using its influence, in every way open to it, to encourage the return to constitutional rule.

But I am strongly opposed to the proposal that we cut off military aid to Greece by way of indicating our displeasure over the restrictions on freedom which characterize the present government of that country.

Such an action would gravely weaken NATO and undercut our entire defensive posture in the critical Mediterranean area.

The peace of the area is gravely threatened not only by the Egyptian-Syrian-Iraqi armed forces with their billions of dollars' worth of Soviet equipment, but also by the massive and continuing buildup of Soviet naval strength in the Mediterranean.

The rising tide of Arab nationalism has already deprived us of access to the major naval base and air force installations we previously had in Morocco; and within the coming year we shall be out of the great Wheelus Air Force Base in Libya.

The efficiency of our air and naval operations in the Mediterranean has already been drastically affected by these restrictions, and we are therefore more than ever dependent on the few major bases we still have access to in Spain, in Italy, and in Greece.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. DODD. I yield.

Mr. PASTORE. Mr. President, what is the association of the Greek administration or the military junta government to NATO?

Mr. DODD. It is a member of NATO.

Mr. PASTORE. I know. Are they cooperating?

Mr. DODD. The Senator is correct. The Greek Government cooperates with NATO and is a full member of NATO. It is a member base for NATO.

If we now lose access to the air and naval bases at Athens and in Crete and our anchorages in the Aegean Islands, it would completely unhinge our entire defensive position in the eastern Mediterranean.

And if we insist on treating the Greek Government as an enemy instead of an ally, the possibility cannot be excluded that we will drive them into the arms of Nasser.

That is why cutting off military aid to Greece at this juncture would be tantamount, in my judgment, to cutting off our nose to spite our face.

It would be an act of folly that might terminate by undoing all the good accomplished by the Truman doctrine, at great cost to the American people.

Not only would it pose a serious danger to the entire free world, but, in the long run, it would probably be a disadvantage to the people of Greece because it would reduce our ability to influence the course of internal events in that country.

Let us by all means use our influence in the interest of the expansion of freedom in those countries with which we are allied or to which we give aid.

But whether we enter into an alliance with another country or give aid to it are decisions that should be made in the final analysis on the basis of our national interests.

After all, we did not insist that the Soviet Government democratize itself as a condition of American aid in the fight against the Nazis during World War II.

We were fighting against a common enemy, and that was all that mattered.

Over the past two decades we gave some $2½ billion in military and economic assistance to the Communist government of Yugoslavia, on the basis of the assumption that the Tito government had become completely independent of Moscow and it was therefore to our advantage to assist it.

We also gave more than $1 billion worth of economic assistance to the Polish Communist government on the basis of a similar assumption.

In the case of Poland, Warsaw's essential subservience to Moscow was dramatically illustrated when the Polish Communist forces joined with the Red Army last year in the invasion of Czechoslovakia.

In the case of Tito, all the current indications are that his differences with Moscow have now been patched up and that Yugoslavia under his rule must today be considered part of the Soviet bloc in Europe.

I derive small consolation from the knowledge that I myself have consistently opposed aid to Communist countries because I believed that whatever differences they may have between themselves, they are united in their opposition to the United States and the free world.

But I consider it a trifle remarkable that many of the same people who today call upon us to cut off military aid to the Greek Government because we do not approve of the way it rules its people, were among the strongest proponents of aid to Communist Yugoslavia and Poland.

Nor can I recall a single one of them ever suggesting that we ask Tito and Gromulka that they restore democracy in their countries and stop persecuting their political opponents as a condition of receiving American assistance. On the contrary, they kept silent on the internal regimes in Poland and Yugoslavia, even though these regimes were a hundred times as repressive as the Greek regime at its worst.

After giving billions of dollars in aid, including military aid, to Communist countries, we now say that little Greece, which does not threaten any other country in the world, should be kicked out.

Mr. President, I wish that every country in the world were democratically governed. The world would be a far better and safer place if this were so.

But the fact is that the great majority of the governments that exist in the world today are not democracies.

Thirteen countries, including the Soviet Union and Red China, are governed by totalitarian Communist tyrannies that are fanatically committed to the subversion and conquest of the rest of the world.

More than 50 other countries are governed by military dictatorships or authoritarian regimes. Some of these military and authoritarian regimes are tolerably benevolent and efficient. Others are very repressive and inefficient.

The present Greek Government is very far from being the worst or most repressive of the numerous military regimes in existence today.

But even the worst of them are distinguished from the Communist regimes

in one very fundamental way: their tyranny is directed inward instead of outward. And they do not for this reason threaten the security and freedom of other nations of the world.

In this divided and imperfect world, our national interest dictates the need to enter into agreements and alliances with all those nations and governments that are prepared to cooperate in the common resistance to Communist expansionism, and which do not threaten the integrity and independence of their neighbors.

For these reasons I hope that the Senate will strike section 508A from the Foreign Assistance Act as reported by the Foreign Relations Committee.

We cannot afford to undermine NATO's Mediterranean defenses in order to indicate our displeasure with certain practices of the present Greek Government.

There are other and better ways of doing this.

Mr. President, I am as much for getting a freer government in Greece as is any other Senator. However, I do not think that cutting of military aid to Greece is the way to do this.

We can best influence developments in Greece by maintaining our contacts there, and not by cutting ourselves off.

These are the reasons why I have offered the amendment. I hope it will be agreed to.

Mr. FULBRIGHT. Mr. President, I yield 8 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. It is not the desire of the Chair to ask our staff personnel to leave. However, I wish they would understand and abide by the rules of the floor so that Senators may be heard.

The Senator from Rhode Island is recognized.

Mr. PELL. Mr. President, I quite appreciate the desire of my colleague and neighbor, the Senator from Connecticut, in wishing to restore the provisions permitting military assistance to Greece. However, I think that before we vote, we should consider the entire picture.

The whole picture reveals that probably as much harm has been done to NATO by the achievement of the coup as could be done—both by the harm to the mission of NATO as a democratic alliance and by the erosion of military morale and fibre by the colonels' brutal actions and dismissals. In addition, we find that the general feeling in Greece has been and is until today that the American Government supports the junta and supports the colonels. There has been no demonstration by our Government of a positive nature to the contrary.

There has been no real gesture of disapproval. And we are talking about a regime that tolerates torture as a matter of official practice, as has been brought out in the Council of Europe. In fact, Greece would have been suspended from the councils of Europe today. However, to avoid this action, she withdrew herself a few hours ago.

From a military viewpoint, I think it can be seen that the effect of the amendment is very small.

There is almost 3 times as much military assistance backed up in the pipeline already obligated and ready for delivery to Greece as was intended to be authorized under this bill.

What the amendment does is to clearly demonstrate to the Greek people that even if our executive branch will not say that they object to the presence of the present totalitarian government in Greece and object to the use of torture as a means of political intimidation, at least Congress takes that position.

And if the future should indicate that the statements of the Senator from Connecticut are correct, that we need Greece back in NATO, all we need to do is to write a separate legislative act repealing the provision and permitting the authorization to go ahead. But to repeal the authorization now would have a deleterious effect because it could mean that Greece and its people would continue under its present illusion—which I trust is incorrect—that the American people and the American Government support the regime and support the practices of the regime, the practices that, while apparently acceptable to the executive branch of our Government, are abhorrent to almost every other democratic government in the world. In fact, nearly every other democratic government in the world has had the gumption to say so publicly.

Yet our Government has not had the gumption to do so.

One of my hopes was that at some point our administration would come out forthrightly and condemn the Greek junta for the use of torture as a matter of practice to intimidate the opposition, to come out and publicly condemn the junta for its abuse of democratic rights. Then Congress' action in this regard would not have been necessary. But this action is necessary by Congress in default of the lack of action by the executive branch of the Government.

The PRESIDING OFFICER (Mr. SAXBE in the chair). Who yields time?

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated December 2 from Athens, signed by 37 former members of the Greek Parliament. I read one paragraph:

> The undersigned, in particular, who reside in Athens and have been members of the last Parliament of Greece, believe that they voice the feelings of practically all their colleagues and of the Greek people in expressing their thanks to you, to the members of the Committee and to the statesmen and the Press of the United States, who have, on every occasion, manifested their solidarity to the Greek people and their interest in our efforts to get rid of the brutal military dictatorship.

I will not read it all, but the purport of this is that the Greek people, as opposed to the government, believe that our Government has been sympathetic to the imposition of the Greek military dictatorship.

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

ATHENS, DECEMBER 2, 1969.

TO THE U.S. SENATE,
Foreign Relations Committee,
Washington, D.C.

MR. CHAIRMAN: 1. It is with vivid interest and hopes that the people and the political personalities of Greece follow your personal efforts and the efforts of all the members of the U.S. Senate Foreign Relations Committee in favor of the restoration of Democracy and of free institutions in our country. The undersigned, in particular, who reside in Athens and have been members of the last Parliament of Greece, believe that they voice the feelings of practically all their colleagues and of the Greek people in expressing their thanks to you, to the members of the Committee and to the statesmen and the Press of the United States, who have, on every occasion, manifested their solidarity to the Greek people and their interest in our efforts to get rid of the brutal military dictatorship.

2. At this moment in which your Committee discusses the appointment of a new U.S. Ambassador to Greece and the NATO Council of Ministers of Foreign Affairs will be soon taking up the problems of the alliance, and the Council of Europe will decide on the Greek issue, it may be useful to provide to you some information on certain critical topics which affect the entire Greek problem.

3. *The Greek-American friendship.*—Our increased responsibilities render it necessary to speak to you in absolute frankness. It should be noted that most of us were members of the Parliament and some of us members of the Government which in 1952—acting in agreement with all Greek political parties—decided favorably on Greece's membership in NATO. We firmly believe in the value of Greek-American friendship and on several occasions we have strived for its strengthening and development. Furthermore, those who oppose the spirit and meaning of NATO have criticized us for our attachment to it and to the friendship between our two countries. For all these reasons we are seriously concerned about the crisis developing in Greek-American relations.

4. The true feelings and beliefs of the Greek people—Special U.S. responsibilities in supporting the dictatorship.

Our primary duty is to make clear to you that in spite of the traditional friendship of the Greek people for your people, it has become the common belief of all Greeks that the military dictatorship (which lacks even the slightest popular support in Greece and is openly opposed all over Europe) even if it were not imposed on us with the inducement of some of the U.S. agencies in Greece, it remains in power after two and a half years as a result of the tolerance, if not the positive support of the U.S. Government.

As a result, the longstanding pro-American feelings of the Greek people have been considerably weakened and tend to vanish completely if the U.S. policy is not to change and make clear that your country is truly and sincerely opposed to the dictatorial regime of Greece. What is required is the emphatic moral support of your Government to the Greek people in regaining its freedom and restoring Democracy in our land. This task—aside from the principles of Liberty to which the great American nation is devoted—derives also from the NATO agreement, which in its preamble emphasizes "the need to safeguard the freedom, common heritage and civilization of the peoples, founded on the principles of democracy, individual liberty and the rule of law.

5. *The Need to Accurately Inform the U.S. Government.*

If some of the U.S. Agencies in Greece provide opposite information as to the prevailing conditions and the true feelings of the Greek people, we, in full responsibility, declare that such information is inaccurate. It should be known to some of your country's agencies in Greece that, under a brutal dictatorship and a police state, it is hardly possible to detect the true feelings of the people through the methods familiar to democratic societies. They could, however, with some good will, make some positive dis-

coveries as to the state of affairs in Greece and the true feelings of its people. If this were the case, the leaders of your country would have been informed that the prolongation of dictatorship in Greece threatens to create the first break among pro-Western political forces, since all of them—from the King to the last citizen—are absolutely opposed to the rule of the colonels. The only possible exceptions are, perhaps, some big businessmen who being favored by the junta obtain scandalous concessions and privileges.

6. The Truth About the Policies and Intentions of the Colonels, Their Deceiving Tactics.

During the hearings of your Committee on the proposed appointment of Mr. Tasca, he has been reported to have stated that he aims in seeing the military dictatorial regime imposed on Greece developing toward "a more representative form of government." To us and to all living in Greece this could mean the perpetuation of the regime of military dictatorship. The experience of two and a half years shows that all pronouncements as to the gradual restoration of democracy have been false and misleading. The perpetuation of totalitarian regimes in various countries sets an example to those in power in Greece. The protagonists in such deceiving tactics are the one who acts as Prime Minister and the Minister of Foreign Affairs of the dictatorship. There are also, however, some other vociferous members of the regime who openly advocate the perpetuation of the dictatorship, dissolving the myth of future restoration of democracy. We note *in passim* the "naive" statement of the Deputy Prime Minister Brigadier Patilis, who, speaking in the town of Aigion, declared that "in our new Democracy there will be place *only* for those who believed and believe in the revolution and are willing to continue and complete its task." On the same topic there is also a series of contradictory statements by the Prime Minister and the Minister of Foreign Affairs.

(a) Mao's Thought in Greece.

More recently the Prime Minister of the military government proclaimed the need to somehow indefinitely "educate" the people, and he proceeded in publishing his "thoughts" in the example of Mao-Tse-Tung.

(b) Institutional Laws.

In spite of the fact that more than one year elapsed since the infamous referendum, which took place under conditions of marital law, intimidation and silencing of any voice of opposition—the "institutional" laws have not yet been drafted, and the complicated and time-consuming procedure established in this respect is being deliberately delayed. Even the ever so often announced softening of police and other oppressive measures aims only in deceiving international public opinion and the Allied Governments.

(c) Strangulation of Personal Freedom of Citizens.

The number of those in exile increases instead of being reduced. Court maritals are more active than ever in imposing draconian sentences. Former Deputies, distinguished scientists, outstanding officers and a host of good Greek citizens, irrespective of their political affiliations, are being persecuted and subjected to imprisonment, exile, and quite often, to torture.

A large number of them are being detained without any court warrant or sentence and under solitary confinement. The much advertised inviolability of the home proved also to be as false as the freedom of the press announced by the President of the military government on October 4, 1969.

(d) The Non-Existent Freedom of the Press.

Compared to preventive censorship, the continuation of martial law and the activities of the court martials in conjunction with the new drastic measures of restriction on newspapers-publications, constitute a more effective method of silencing the Press. The military government, under the pretext of forbidding all publications "aiming to rekindle political passions through references to the pre-April 21st, 1967 days", allows all kinds of insults and false accusations against Greek parliamentarians, without the latter having the means to answer and defend themselves.

With regard to the freedom of the press, a measure of the hypocrisy of those in power in Greece is given by the fact—that contrary to any concept of legality—the circulation of major Athenian dailies has been forbidden by the police in almost all areas outside the capital. These oppressive police measures have affected such major Athenian dailies as "Akropolis", "Apogevmatini", "Vima", "Ethnos" and "NEA." And it is such the present "freedom of the press" that these newspapers did not even dare to protest from their columns. We have, thus, in Greece an "improved" version of the totalitarian systems. And all these take place at a time in which those in power—in view of the meeting of the Council of Europe—give all kinds of misleading promises as to the step-by-step putting in force of the entire constitution within a pre-set but never revealed deadline.

(e) Abolition of the Autonomy of Institutions of Higher Learning.

The government of the colonels has openly abolished the autonomy of the institutions of higher learning, not only through legal measures but also through the intimidation and the downgrading of academic teachers. Furthermore, Commissaries of the dictatorship, with wide powers of intervention, have been appointed to all Greek Universities. Retired military people have been chosen to fill these positions.

(f) The Church.

The Church makes no exception to the disintegration caused in public life by the military dictatorship. It is in fact bitterly divided and in the process of decomposition. Following a series of illegal measures by the Archbishop of Athens, who acts as the dictatorship's overseer of the Church, the crisis within the Church erupted a few days ago. Those of the prelates who had the courage to denounce the violations of the laws of the Church are being persecuted and will be judged by special clerical courts established without the required legal procedures.

(g) The Judiciary.

The independent Greek judiciary has also received the blows of the dictatorship which aimed to render it subservient to its cause. The highly distinguished Chief Justices of both the civil-penal and administrative Supreme Courts have been fired in the most vituperate and unconstitutional manner. Other eminent judges and district attorneys received the same brutal and illegal treatment. In addition they have been forbidden to work as lawyers and not receiving—most of them—any pension, they find hard to provide to themselves and to their families the means of survival.

Even more important is the fact that the decision of the Supreme Administrative Court, which pronounced invalid the dismissals of senior judiciary personnel, was annulled by a single announcement of the Chairman of the military government, who at the same time issued an illegal decree accepting the resignation of the Chief Justice of the Supreme Administrative Court. Such resignation, however, has never been submitted.

(h) Administrative—Education.

The military dictatorship did not fail to produce a breakdown in the administrative branch as well. Highly experienced and distinguished public servants have been fired without adequate justification—and the administration has been left without leadership to speak of. Public servants in general, subjected to the intimidation of illegal firings and other measures, have seriously lost their efficiency and initiative. Nepotism tends to become the main characteristic of public life.

In Education there is complete chaos as to what should be taught—a spirit of darkness prevails throughout. Eminent teachers and administrators have been fired without reason, causing a practical breakdown in Education, highly detrimental to our people and our country. Among those who have been fired, there is a large number of University Professors, including some of the more distinguished ones. These professors, when offered later appointments in Western European Universities, were refused by the military government the necessary passports to leave the country.

It should also be noted that the pro-junta propaganda flourishes in all schools and the textbooks are full of nauseating praises of totalitarianism and of the junta members.

(i) Local government—Labor unions.

Local government institutions have been practically abolished and the mayors and other city officials are being appointed by the military government.

Labor and professional unions receive the same treatment.

(j) The Armed Forces.

The armed forces have been deprived of many distinguished officers having excellent combat records and overall training. Many of these officers are well known to the military leaders of NATO and some of them fought together with the U.S. armed forces in Korea against the Communist totalitarianism. These officers, who have also received high U.S. decorations, are now in prison or in exile.

(k) *The state of the economy.*

The economy of Greece approaches a state of collapse. This is the result of the irresponsible economic policy of the Government which, among other things, imposed an unbearable tax burden particularly on the middle-income groups and increased tremendously the security expenditures necessary to maintain the present regime.

7. The Dictatorship—Greece and Its People, the Members of the Atlantic Alliance and its Democratic Principles.

It is obvious that the deceitful tactics of the dictatorial government aim at misleading public opinion and particularly the allied Governments and the International Organizations which are in the process of a final examination of the Greek problem.

The recent statement by the British Minister of Foreign Affairs, Mr. Stewart, showing the U.K. turning against the Greek dictatorial regime has caused here grave concern to those in power. The military government, using the Athenian Press Agency, seeks to create the impression that the U.S. Government strives to stop the decision by the Council of Europe to expel Greece from its membership.

Furthermore, according to certain published information, the U.S. military aid will be fully resumed, to serve the goals of the Atlantic Alliance and more specifically for the sake of the security of the Mediterranean. But the goals of the Alliance are hardly served by keeping in chains and injustifiable turmoil an allied nation. These goals are served only by the full restoration of Democracy and of free institutions in Greece. It is only then that Greece can become a factor that the Alliance can count on.

The pro-NATO spirit of the Greek people will be properly strengthened only when it will become certain that military aid does not aim to prolong its enslavement but to safeguard "the freedom, common heritage and civilization founded on the principles of democracy, individual liberty and the rule of law.'"

Let us not forget that the successful struggle against the foreign-supported Communist rebellion in Greece (1946–1949) was waged by the Greek people with the valuable assistance of the U.S., under the leadership

of the Greek political world and in the context of democratic institutions.

The colonels, on the other hand, while they falsely claim that they undertook the April 21st, 1967 coup in order to avert the really non-existing communist danger, only recently gave the widest publicity to a routine meeting between the Foreign Minister of the dictatorship and the Soviet Ambassador in Greece.

It is necessary to prove that the statements made by U.S. officials are not paying only lip service to the cause of Democracy, as the dictators and their press claim. More specifically, it is necessary to show that the words spoken by the President of the U.S., Mr. Nixon, during the recent presentation of the credentials of the Greek Ambassador in Washington, regarding "the need to become operative as soon as possible the ideals of democracy in Greece," constitute the real and sincere will of the U.S. Government.

Finally, the Greek dictators and the press controlled by them with their usual hypocrisy accuse us that we, allegedly, seek the intervention of our allies and of the U.S. in particular, in our domestic affairs, in order to change our political life. But all the Greeks and their political leaders, who express their aspirations, are both proud and responsible enough, not to seek to transfer to others their duty to struggle for the restoration of democratic institutions. They feel justified, however, to ask in the name of the common ideals of the free world and of the principles of the Atlantic Alliance (which should sometime be proved that they constitute not a decorative facade but the immutable beliefs of its members) that the Governments of the member countries and primarily of the U.S., morally assist the Greek people in its struggle to regain its freedom.

The Greeks expect from allied governments to maintain the proper democratic attitude against the small group of military people, who acting against their oath to the Constitution and to the King, abolished democracy and enslaved the people using the arms given by our allies to protect the independence and the democratic free institutions of our land.

Mr. FULBRIGHT. Mr. President, I think the provision which the Senator from Rhode Island has sponsored and has discussed is designed simply to evidence our support for the restoration of democracy in Greece. It strikes me that in the long run this would be in the national interest of the United States.

The PRESIDING OFFICER. Who yields time?

Mr. DODD. How much time do I have left, Mr. President?

The PRESIDING OFFICER. Four minutes.

Mr. DODD. I yield 3 minutes to the Senator from Wyoming.

Mr. McGEE. Mr. President, I respectfully disagree with my colleague on the Committee on Foreign Relations, the Senator from Rhode Island, for one reason: I do not condone the policies of the Government in Greece. I do not condone the suppression of dissent by force or imprisonment. I raise the very serious question of whether it is proper foreign policy to legislate this kind of action from the floor of the Senate.

As a leader in the world, as perhaps the most powerful Nation in the world, I think we ought to be very reluctant to appear to be dictating to or meddling in the internal affairs of other governments of the world. Our policy of recognition, our policy of maintaining relations with them, ought to be determined by whether they are indeed an identifiable, independent nation in their own right. Their internal affairs must remain their business; else, we acquire the posture of crusading through every nation in the world in an attempt to make them conform to our ideal or to our philosophy or to our format of representative government.

People are different, and the problems in countries are different.

I am afraid that we would be setting a very dangerous precedent here which, at the very least, could be meddlesome and which, at the very most, could become extremely troubling in the attempt to try to maintain the strongest possible relations around the world.

So I would hope that we would reject the amendment. As a great Nation, we should not be thrusting our idea or our concept into the internal politics of another area, much as I deplore those politics at the present time of the Government of Greece. The consequence could be to do the same with the Soviet Union, with Spain, with Yugoslavia, or with India. I simply think that we are venturing into an area that can only open up many more troublesome situations of a similar kind. Our posture in the world, our stature before other peoples, will remain much stronger and much more respectable if we resist the temptation to meddle within.

Mr. FULBRIGHT. I yield 2 minutes to the Senator from Idaho (Mr. CHURCH).

Mr. CHURCH. Mr. President, I rise in opposition to the amendment of my good friend and seatmate, the Senator from Connecticut.

I think we should disabuse ourselves of the myth that we adhere to a principle of nonintervention in the internal affairs of other countries. The bill before us is one that consists of massive intervention in the internal affairs of scores of countries throughout the world. The proponents of this amendment have argued that, even though they do not approve of the character of the Greek Government, we ought to continue to give it arms. Why? Is Greece a partner in the NATO alliance by virtue of the fact that we give arms to it? Does it really follow that if we withdrew further military assistance this year, Greece will desert NATO? I hardly think so. Greece is in NATO for purposes of her own defense, and the weapons we give Greece are not the real deterrent to Communist aggression in that part of the world. Rather, it is the pledge of the United States to defend Greece, along with other NATO allies, that forms that deterrent.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. Mr. President, how much time do I have left?

The PRESIDING OFFICER. Two minutes.

Mr. FULBRIGHT. I yield 1 additional minute to the Senator from Idaho and 1 minute to the Senator from Rhode Island (Mr. PELL).

Mr. CHURCH. Moreover, Mr. President, the weapons we are giving Greece are not to forge a shield against communism. They will be used for internal purposes, to keep that Government in power. This is the real question. Should it be the policy of the United States to keep this particular Greek Government in power? I think not.

I think the "crisis of the spirit" in America today, to which Mr. Nixon referred to in his inaugural address, arises, in part, from the fact that our foreign policy has come unhinged from our traditional values as a nation.

When young people ask why we give arms to keep a military dictatorship in power in Greece, or why our troops participate with Franco's in exercises designed to put down a simulated uprising of the Spanish people against the Franco dictatorship, what can be said? Everybody knows what we are against, but young people ask what are we for?

The Committee on Foreign Relations, with respect to Greece, tried to take an action that is consistent with our historic ideals as a nation, and I hope the Senate will support the committee.

Mr. PELL. Mr. President, we did not legislate this on the floor of the Senate. This motion came up in the committee last year and was defeated by one vote. We discussed it thoroughly in the committee. This year the committee supported it. Actually, what we are doing here is exactly what the Senator from Wyoming has suggested we should not do. If we knock it out, we are legislating from the floor; because, after mature consideration in the committee, we put it in.

Also, I think we should bear in mind if this provision is knocked out, it could be taken that we are voting as a body to condone the continuation of the present abhorrent practices of the Government of Greece and the regime there. By leaving the bill as is and by supporting the committee, we are not interfering. We are just saying that we are not sending any military assistance to a government which practices the policies and procedures that it does, and of which all of are aware.

I trust that the amendment will be rejected.

Mr. FULBRIGHT. I yield myself 30 seconds.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the foreign minister of Greece, Mr. P. Pipinelis, on August 26, made in Switzerland and a column by Rowland Evans and Robert Novak from the Washington Post for November 16.

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

SPEECH OF HIS EXCELLENCY THE MINISTER FOR FOREIGN AFFAIRS, MR. P. PIPINELIS, TO THE MEETING OF AMBASSADORS OF WEST EUROPE IN BAD SCHINANACH ON AUGUST 26, 1969

The object of the present meeting is to coordinate, in views of continually changing conditions, the line of our foreign policy, to make a provisional record of our effort and to exchange information about the events which have taken place during my unvoluntary retirement in the last two months. Before, however, entering into this examination, I should like to explain, in very general terms, the foreign policy, present and future, of the government to which I have the honour to belong—a policy which, in my opinion, has given important results and which we have therefore every reason to continue. In any case, a revision and reexamination of all the facts of foreign policy are inevitable from

time to time because this policy is a combination of many factors and therefore cannot be carried out without taking notice of time and place and because I am convinced that, especially now, we are at the threshold of a new phase in world politics.

The foreign policy of our country, in the last two years, that is since the revolution of April 21st, can be summed up as follows:

1. We aspire to the strengthening, by every means, of the country's defensive forces. It is clear that this is an indispensable factor of any foreign policy.

2. We want to bring back our foreign policy, which had, for various reasons, deviated in recent years, to the line dictated by Greece's special position. This has been the constant effort of the Greek government and I think that, as facts have shown, this effort has succeeded on many points—a fact which encourages us to believe that we must continue it in future.

3. I said that our foreign policy had deviated in recent years. What was the object of this policy during these years? In the course of the last decades the policy of the multi-party governments consisted, firstly, in the invariable declaration that Greece remain faithful to her alliances and NATO, ready to fulfill her obligations as an ally and, secondly, in the proclamation that she wants friendly relations with all, including the countries not belonging to NATO and even the countries of Eastern Europe. That was the official policy.

This declaration, however, was only formal, since all the elements on which such a policy could be based were absent or neglected. We were thus satisfied with this generality and thought that it was enough and gave up all the other supports of Greek policy, with the solo exception of NATO, which we did not succeed in destroying, for no other reason that that it did not want to be destroyed.

But this was not enough. It is not enough for Greece to rely only on the security given by NATO, nor on the guarantees of any other great power, either isolated or in connection with others. Whenever, in the past, Greece's foreign policy has been wise, studied and based on a concrete programme, it has consisted in this; Greece was in fact relying on one or more great powers, since it is indispensable for a small country to have the support of a friendly great power. Initially we had the friendship of Great Britain, then the friendship of the United States, France and other western powers. But we knew at that time—the politicians who followed this line, like E. Venizelos, J. Mataxas, P. Tsaldaris and others knew it—that the friendship and support of the great powers was not enough, that we also needed the support of other, smaller countries, which had common interests with Greece and which were living in the same region, leading the same kind of life as ours and being in a position, therefore, to share much more spontaneously and with greater persistence the dangers and commitments of the Greek policy. This is why our policy towards England, France and the U.S.A. was accompanied and completed by the policy of friendship towards Turkey, Yugoslavia and even with Italy, whenever it was possible. This was the group of treaties on which Greek foreign policy was based till the last war and which Greece tried to continue after the war. Unfortunately this policy was neglected and has finally collapsed, not only because objective reasons made it more difficult to keep, but also because of the very bad handling of the Cyprus problem, which made any real understanding with Turkey impossible, weakened Greece's position in relation to Yugoslavia (owing to the bad relations with Turkey and left Greece alone in the Balkans, this situation—that is the absence of any support of Greece by the Balkan countries—was extremely dangerous since, as I have said, the guarantee of the great powers and of NATO were not enough. NATO's guarantees are insufficient for the following reasons:

1. Because the NATO treaty itself does not include a full and unlimited commitment for all cases. It is based on the rule of absolute unanimity of votes.

2. The mechanization of NATO relies on the estimation of facts and situations according to the interests of the great powers. When these interests correspond with the interests of the smaller powers, it is natural that the great powers exercise all their influence, within the framework of NATO, so that the latter comes to their help. When the interests do not correspond, they are not willing to exercise their influence and there is no hope of help from NATO. If this was true formerly, it is much more true today because, owing to nuclear armaments, war can be extended to the territory of even the biggest NATO powers.

For these reasons, this help is not enough, and Greece knows it from past experience. For example, during the big adventure of 1915–22, encouraged by her allies, she undertook the expedition in Asia Minor, was involved in a desperate war alone against Turkey and was later left unhelped, while her great friends and allies gave Turkey their moral and material support against Greece. She experienced the same disappointment recently, as a member of NATO, during the Cyprus crisis. In October 1967, when we faced a Turkish ultimatum with unbelievable conditions—of which the recall of the Greek expeditionary force was the least serious—the first thing we did was to turn to our great allies, the Americans. During a Conference under the Presidency of the King, at which Mr. Vance, the personal representative of the President, and the American Ambassador were also present, we asked Mr. Vance whether the U.S.A. could permit the Turks to land in Cyprus—a move which could have resulted in a war with Greece. Mr. Vance replied, "We can do nothing. Absolutely nothing. The U.S.A. is involved at present in a war with Vietnam and it is impossible for it to undertake any other adventure in Europe or elsewhere. Do not count on much help." This was the categorical reply of Mr. Vance. Then the King asked him, "if, however, during the war with Turkey we are attacked by the northern neighbors, Bulgarians or Serbians, what are you going to do? You'll let them come down to the sea?" Mr. Vance replied, "We can't tell you anything. We want to have full liberty of movement, according to the circumstances." This was the situation. And we risk the same danger at any other time. This is why it is indispensable for us, as for all the smaller nations, to secure, apart from the commitments and help we are entitled to expect from the great allies, the help and support of small nations, whatever its use can be. Other peoples, notably the Vietnamese, are experiencing the same disappointment today, with the same intensity. In Vietnam one can already see the evolution of a great tragedy, like the one Greece experienced in 1922. I do not know what will be the course of events, but I fear, after the late developments, that things are taking this direction. Therefore, we have not the right to neglect the effort to secure the help of our neighbors. This help can be either positive or negative. The negative help consists in leaving us quiet, not attacking us, while we eventually are involved in another adventure. A friendship does not necessarily mean military cooperation in case of war. A friendship can mean tolerance or peaceful co-existence. And this is a matter of great importance, for military as well as political calculations.

Therefore, I think we can reach the conclusion that this line must be continued. Recently, the causes which make it indispensable have become more acute. During the last months the relations between NATO members have begun to weaken in a dangerous way. France's position, the attitude of the Scandinavian members of NATO, the discussions on mutual disarmament, while Russia, which invaded Czechoslovakia, is vigorously rearming—all these are symptoms of a troubling situation, which is becoming still worse because of the developments in the U.S.A. We all thought that, after the Republican victory, there would be greater stress on rearmament and on strengthening of the world's defences. But the real situation has proved quite different. Mr. Nixon went to the Far East without, as it seems, having decided any other concrete programme than a declaration to all Asians that America is returning to a policy of "calling back the legions to Rome." Lord Ismay, when he was NATO's General Secretary, repeatedly warned about the dangers of such a policy, the policy of disengagement of the American from Vietnam. Certainly, when Mr. Nixon arrived in Bangkok, he declared that "the U.S.A. will remain in Bangkok and will help its government against any danger, foreign or internal." This led to criticism in America and I do not know whether Mr. Nixon is going to give a convincing answer. In any case, 20,000 men have already been recalled from Vietnam and, although the news has been heard with disbelief, a more recent telegram informed the world that the recalled will be 50,000. And after this "good news", we learned last Thursday from Mr. Laird, the Defence Minister, that the American defence budget has been cut by 5 billion dollars—without taking into account the former cuts. Mr. Nixon has repeatedly given assurance that neither the budget cuts nor what he said about Vietnam will affect America's policy to Europe. He also affirmed that the U.S.A. will continue to be present in Asia, that its commitments have not in the lease been changed, etc.

We are obliged, however, to give serious attention to his declarations on Vietnam. Certainly we must not be discouraged, because it is likely that the American policy will be changed, but we must regard them as a very serious element of our policy, and as a very dangerous eventuality.

I was always of the opinion that Sino-Russian relations could change substantially the Russian policy in Europe. But these relations can be altered in a few moments if the Soviet Union does not succeed in establishing the relations it wants with the West or if other events take place in Russia. This danger always exists in totalitarian regimes. We saw it in Germany on the eve of the World War, and there are indications that the situation is the same today. For example, the recent negotiations between Russia and China on navigation on the Far Eastern rivers had been interrupted and the Chinese delegation had left. Then, next day, it was announced that a protocol had been signed between the two delegations, that several questions concerning navigation had been settled and that new negotiations would start next year. Another example: "The 'Izvestia' of August 2nd, wrote in an editorial that 'the declarations of Mr. Breshnev, which calls all Asian nations to cooperate in securing peace, did not exclude China' ". On the other hand, the Americans, who have every reason to want an agreement with Russia on the reduction of armaments, do not neglect to make approaches to China and, a few days before Mr. Nixon's trip to the Far East, the American government decided to permit the import of some Chinese products into the U.S.A. and the free travel of Americans in China. Therefore it is clear that neither country has decided to which side the balance is going to shift. If American policy had shifted towards Russia, Mr. Nixon would not have made his journey to Bucharest, which has been clear provocation of Russia. The final decision on the important question is going to have lasting effects on the American policy in Europe, and especially in Greece. *Therefore I should like to draw your attention to this point. It is the centre of all other questions.* It is not correct to say that

there are questions of higher policy and questions of lower policy. All are inter-related, and we must follow attentively where the U.S.A. is going, where the Soviet Union is going and, if possible, where China is going.

The conclusions for Greece's foreign policy are as follows: Our foreign policy must be one of sincere and full co-operation with NATO. Even if NATO's guarantee is not unreserved, we are obliged to do everything in our power to maintain the life of NATO. I have never ceased, as a minister and a politician, to underline the importance of this policy, according to which NATO is a vital need for the European nations, and *these nations commit a criminal stupidity by encouraging the U.S.A. to isolation.* These nations are playing with fire, if they think they can hold a dubious position between East and West, leaving the Americans to do the dirty work. It was therefore natural for the Americans to think it would be stupid for them to be involved in total war, if Europeans were doubting whether they should take part in such a war. I have said and written these things repeatedly, but without success. In any case, in spite of the disappointment provoked by the events, we shall insist on this line and shall try to strengthen NATO, without mentioning our doubts to anyone. On the other hand, we must continue our efforts to strengthen our own defense. I think that the government has done all it could on this point. Finally—and this is a sector in which we, as diplomats, can do a great deal—we must improve our relations with the Balkan countries so that we can hope for a common line in case of danger, or at least for friendly support or toleration.

These are our objectives, and I can say with great satisfaction that during the last two years, in which I have had the honour of leading the Ministry of Foreign Affairs, many things have been achieved in this direction. We have managed, first of all, to bring relations with Turkey to a state of normality. Confidence has been restored, at least between governments. The settlement of the Cyprus question has proved crucial in this respect, for it was natural that, without solving this problem, no improvement in relations between Greece and Turkey could be expected. Until November 1967, the Greek government was either appealing to the United Nations, declaring its rights and asking in vain for self-determination, or starting negotiations with Turkey, knowing from the beginning that they were doomed to failure, since Greece insisted on Enosis, while Turkey flatly refused it. No progress could be made by these methods. The Treaties of London and Zurich added new difficulties because, instead of creating an independent Cyprus, it has led to a regime of "con-dominion" of two heterogeneous elements, which hated each other and could not live together after what had taken place before. For every decision of the new state there should be common agreement between the Greek and Turkish sides—not only for defence, foreign policy and security, but for every single action, even for the records of the Council of Ministers, which ought to be signed by the President and the Vice-President. This situation has been kept secret from the Greek people.

In yet another sector, equally important for Greece, (that is the Yugoslav and Balkan sector), we have had good results in spite of the difficulties that had arisen in the past, through no fault of Greece.

The treaty which was signed in June 1969 in Salonika, about the common exploitation off the Axios basin, will, if it is applied, prove to be a milestone in Greek-Yugoslav relations. I think that nothing secures a friendship or alliance so much as real co-operation on a lasting work of common interest.

Our relations with Bulgaria have also improved, as far as this was possible. As Prime Minister in 1963, I had insisted on the need for negotiations with Bulgaria on war reparations. The opposition—even S. Venizeles—criticized me strongly for this decision, but I had made up my mind and, fortunately, our efforts were crowned with success.

It now remains to be seen what kind of relations we are keeping with our so-called democratic allies, relations which have been disturbed since the change of government in Greece, and after the propaganda which is going on in foreign countries. I say "so-called" democratic allies, because I am firmly convinced that these countries are only nominally democratic and that they are ruled by a regime of hypocritical and secret oligarchy, which is worse than any other oligarchy, since it is irresponsible. Instead of being the oligarchy of Mr. Bresniev and his comrades, or the oligarchy of Hitler and his company, which at least bore its historic responsibilities, since it was bad or good, the western countries have the oligarchy of different irresponsible profiteering journalists, who are like Mrs. Vlachou, Mr. Lambrekis and many others whom you know very well. These people, in order to make big fortunes, and to promote their business, are fomenting the passions existing in their countries, are trading with everything and everyone, are sacrificing right and wrong alike, are slaughtering the countries which oppose their interests—and all that in the name of Justice and Democracy, as they understand it. This parody of democracy, which we now meet in (?) in all the world, is marked with the sign of death. When a regime turns into a parody, it means that death is approaching. I do not think this is an exaggeration. I said it to a foreign journalist and he had no answer to give me. He agreed that I was right. "You say that the Government has imposed censorship," I told him. "Yes, the Government has the future of the country on its hands. And you (he was an American), you have no censorship?" "We haven't," he replied. "You are wrong," I said to him. "You also have censorship, with the difference that it is not the Government that imposes it with responsibility, but four or five editors of your big newspapers, who practice it irresponsibly in the name of the Liberty of the Press, they practice their own censorship. It is the irresponsible censorship of the editors, and of the interests who are hiding behind them." The parody, of which I have already spoken, is an unscrupulous lie, which is taking shape at this moment. That is why I said the "so-called" democracies. But in any case, "so-called" or not, these countries have an enormous strength and they happen to be our allies and friends. So we need them and we are obliged, as far as possible, to entertain good relations with them. It would be far more pleasant for Greece to follow a policy of full independence. But it is impossible. It would be naive and stupid to speak about such absolute independence, as the irresponsible and criminal opposition circles do. There is no such independence. Even Great Britain and France, when they attacked Egypt, were obliged to succumb to the ultimatum of Mr. Dulles. Even the United States yielded to the pressure of these irresponsible newspapers of which I spoke, if not to the pressure of western public opinion.

Certainly, I have always fought against the intervention of foreigners in our internal affairs. But, on the other hand, one cannot ignore what the others think. The public opinion of foreign countries, the distorted notion of democracy, of the liberties of the people, of peaceful co-existence with Communist countries, etc.—all these are a reality, expressed by the magnates of the Press, conveyed to the Governments, and obliging them to assume a certain position. If Greece heard the opinions of certain irresponsible people in Greece, and left the Council of Europe, protesting that "you are betraying the spirit of the agreements I don't accept any discussion with you, it is an internal question," the attack against Greece would become stronger, because Greece would appear as unwilling to fight. And the polemic would be transferred to other organizations, which Greece cannot possibly leave, like ECA and NATO. Mr. Cavalieratos and the others know very well, as I heard it with my own ears, how easily this discussion is transferred to other organizations. We therefore cannot accept intervention in our affairs, but we also cannot ignore the developments which are taking place out of Greece.

The Government has adopted the correct line. Firstly, it did not accept, and is never going to accept, nonintervention in Greece's affairs. It is not going to discuss with anybody what it is thinking of doing for the settlement of the internal situation. This was my decision, as well as the decision of the Prime Minister and of the other members of the Government. On the other hand, however, the Government has decided to settle its course, as far as internal policy is concerned, in a way that will weaken, if possible, the attacks on Greece. This is the policy on which I agreed with the President of the Government before leaving Greece and, since then, I have found myself in the pleasant position of implementing it. Perhaps, at first sight, this policy seems like difficult or impossible juggling. Now is it possible for me to say that I am not accepting any discussion of my internal affairs, and, on the other hand, to settle my internal affairs in a way that gives some satisfaction to others? The whole thing becomes easier if you pay some attention to the two specific questions which you must know, in order to understand what happened and what will still happen. Firstly, the obligations of Greece under the Rome Treaty to the Council of Europe are much lighter in comparison with those Greece has undertaken by its Constitution. In other words, the Greek Constitution is more liberal than the Rome Treaty. Therefore Greece, when adapting its internal laws to the Treaty of Rome, is not doing anything which exceeds the limits of the Greek Constitution. An attentive study of the Treaty of Rome can prove it, and I am in the pleasant position of stating that this has been understood by the competent authorities in Strasbourg. This is an element which permits an easing of the situation. Certainly, if the Government was obliged to do something which exceeded the Constitution, this would be impossible, because the Government is bound by the Constitution. The Constitution has been voted by the Greek people. And here I shall commit an indiscretion and tell you that, in any case, there will be no question of elections. This, anyhow, is beyond discussion, for many different reasons. On the other hand, we shall be ready to discuss an adaptation of the provisions about Human Rights, which is quite different. This is a reality, facilitating our efforts to align ourselves with the western world.

The other thing, which also facilitates this effort, is the Greek Government's general policy—its decision not to be a permanent totalitarian regime. It has definitely rejected this possibility. This is why the accusation against the Greek Government, that it constitutes a new kind of fascism, is unfair and totally unjustified. The Government has repeatedly underlined that it intends to bring back Greek public life to a new balance between Liberty and Public Power. Both these elements are indispensable for a normal political life. It is indispensable for a State to have liberty of action, the possibility of taking full decisions, full responsibility for everything. The State must not have unnecessary limitations of its actions. On the other hand, it is indispensable for the people to have a certain amount of liberty, so that

there is no danger of natural explosions from time to time. This balance did not exist before April 21, 1967. It had been upset and there was simply a regime of mob rule, that is of absolute predominance of the so-called "will of the people". And, since the parties were succeeding each other in power, the administration could not work properly. Justice was becoming an organ of party politics, corruption was extending to all classes and bribery was needed for the voting of the different laws. This regime is now being changed by the Government according to the will of the Nation, not by establishing a state of permanent arbitrariness, but by finding a balance between those two indispensable factors. The Constitution confirms this balance. This Constitution is a big step in Greece's History, because it contains provisions, which have not been duly studied by all, and which review the relations between Public Power and Liberty. Liberty is limited to proper proportions, to the degree to which it can produce useful situations for the nation. It makes the people an organ of the State, and not "sovereign", as they say. The theory of the sovereign people is contrary to democracy. Democracy is a lawful system. Whenever somebody other is sovereign—the King or the people—we have no more democracy. We have mob-rule and tyranny. The Government is applying these principles gradually. This is very correct, because such reforms are not realized in one day or two. There must be a series of laws to apply them and make them a reality. The Government is not going to be hurried by anybody, whether he is called America or the Council of Europe. It will publish them at the time and in the way it judges proper. And, finally, when it is convinced that the time has come to let the people take part in public life, it will permit it. This is the Government's policy. And any other political regime, such as those prescribed by foreigners, is excluded.

When we say that the Greek Government intends to settle public life on a healthy democratic basis, we mean it. Therefore it was wrong—and I repeatedly warned the Government about it—to present, in our foreign propaganda, the mission of the Government as purely anti-Communist. The Revolution of April 21st did not take place with the sole objective of checking Communism. It also wanted to check corruption, to put an end to the decay of political life, to the usurpation of the State by the so-called popular will, which was not the popular will, but the will of Mr. Lambrakis, Mrs. Vlachou and any other irresponsible people. It wanted to make Parliamentary life more serious and decent. That was the will of the Greek people, and that is why the Revolution has taken place. Certainly the Government has also the task of confronting Communism, but it should not present this task as the only one. It should declare that it comes as the representative of Greek History (not of the people, because the Nation is something larger than the people, since it includes past and future generations), and that it intends to make some reforms, one of them being the systematic eradication of Communism. This could permit us to settle our internal policy in a way that would facilitate the men of good will in the West to help us and show a better understanding. I know from my contacts with the representatives of two big powers, England and France, how much they would like such a course. Lately we have had a big surprise: Sweden's attitude against the notorious Mr. Papandreou, whom they threw out of the country, obliging him to emigrate to Canada. He said that he has settled everything in Sweden and that his party can work now without his presence. The truth is that they told him politely to leave Sweden. On the other hand, in Denmark Mr. Jacobsen, a Socialist M.P., has asked for a revision of the policy towards Greece. "I accuse," he said, "the Minister for Foreign Affairs and the Government for their policy, and I proclaim the need for a change on this basic issue." He succeeded in persuading 14 Socialist deputies to create a group in the Socialist Parliament and Mr. Crag may lose the Presidency of the party. This is the latest news. We can therefore conclude that a change is taking place and there is a hope that we can have a better settlement of things. We shall do our best in this direction because, as I said, Greece must take into account, whenever it is possible, the public opinion of the democratic countries and coordinate her policy without deviating from her programme and without yielding to the spirit prevailing there.

In this effort—and that is the reason I called you here—the Diplomatic Service can be of great use, because it is this service that fights the battle outside Greece. It is easy to say in Greece: Why has this not been done? How do you allow this man to say this and that? How do you allow, for example, this journalist to write that article? But the foreign journalists have no obligation to ask the Greek Ambassador about what they are going to write and, if the Greek Ambassador complains to the competent authorities, they will reply that the Press is free, that they cannot intervene, etc. In spite of all this, many things can be done. And let me tell you with sincerity that, unfortunately, these things have not been done. They have been neglected by the Ministry of Foreign Affairs. And, since I do not want to speak about the weaknesses, I prefer to praise some very conscious and successful efforts in this direction.

First of all I must mention the Vienna Embassy and the contribution of Mr. Triantaphyllakos who, during the last crisis in Strasbourg, took a very useful initiative and acted with eagerness and inventiveness. I must also say that I appreciate the attitude of our Ambassador in New Delhi, Mr. Panayotakos who, among many other things, wrote an article in the "Times of India", which is wonderful because it explains the Greek question with particular clearness and thoroughness. He did it spontaneously, without taking any directions.

I must also say that Mr. Petrou in Bonn, a particularly difficult post, and Mr. Velissaropoules, in Paris, have made great efforts to this end. There are others, too, for example, Mr. Himarios, but I praise the above-mentioned diplomats because of their specially fruitful contribution.

On the contrary, other Embassies have shown a kind of apathy, which was due to erroneous beliefs concerning the mission and duties of the diplomatic corps, or even to laziness. It is my fault, not theirs. I ought to have noticed their laziness and removed them in time from their posts. I noticed it and some have already been removed and things will improve in these posts. The diplomatic servant is not a mere observer of the internal events of his country, because these events are closely related to the international position of Greece. For example, those who did not support the Government of Netaxas in 1936–40 must feel sorry today because, if Greece was able to win the Albanian war and take an important place in the international scene, this was due to Netaxas, who had committed the "crime" of which we ourselves are accused today. Therefore the ambassador is not a simple observer. We must not forget that if, as a civil servant, he is independent of parties, he is not independent of the Government. And it is not possible for him to see the Government being slandered and confine himself to dispatching these slanders, as a kind of information, to his Government.

This is a scandal. I have always been a staunch supporter of the independence of the conscience of the civil servant. But I did not mean by independence indifference to what is happening in his country. I meant his obligation to abstain from party life. In all other cases he is obliged to participate, and to participate positively, to take the initiative. The change which has occurred in Greece is not a simple change of political parties. Today there are no party activities which diplomats are asked to cover. The present situation is something quite different and indifference and "objectivity" in facing it are pure cowardice and opportunism. Today we have a national insurrection, a national rebirth, a new 1909. We do not know whether it will succeed. This is a different question. History will be the judge. If we commit great mistakes, we shall fail. If we do not commit many mistakes, our work will succeed and future generations will thank us. We are striving to change the path of the Greek nation, along the lines I explained to you before. And I think we have not the right to remain indifferent and to invoke principles which prevailed at the time of Th. Beliyannis, P. Tsaldarie or P. Venizelos. Even then, the men who made diplomacy for the first time in Greek history did not view the situation with indifference. D. Caclassnos, N. Politis, Connadios and others, when confronted with slanders against their Government, intervened and wrote to the foreign newspapers, covering the Government on their own initiative. It is not permitted that Greece be slandered in England, France and other countries and that the Greek Ambassador does not come out and say, with his signature, that all those things are inaccurate, that they are lies, and explain the truth. That is why I ask you to pay particular attention to what I say. I shall be ruthless on this question. I shall not take into account any friendship or personal sympathy, because these are great issues. The success or the failure of the Government's efforts will bear heavily on Greek history. I have therefore no right to be lenient and I think that the purity of the purposes of the Government sanctify to any means. Even the * * * if you want it so, which is exercised over the diplomat's conscience is justified because we have not to do with a usual change of Government, but with great, historical things.

I would like to add that the neglect of these questions by some of your colleagues has had a bad effect: the underestimation of the contribution of the diplomatic service. This is not fair. The diplomatic service has helped the country greatly, even on the subjects I have just mentioned. The accusation is unfair. It is not right to say that all the officials of the Ministry of Foreign Affairs are incapable and are doing nothing except amusing and diverting themselves. But it is a fact that the weaknesses of some diplomats are helping the creation of such unfair accusations and are harming the diplomatic service. These slanders perhaps provoke hope and pleasure in those who are against the Government today. But to them I have only to say that, believing that they make the future secure, they are sacrificing both the present and the future.

[From the Washington Post, Nov. 16, 1969]

GREEK JUNTA CYNICISM

(By Rowland Evans and Robert Novak)

The true contempt of the Greek military dictatorship for the United States, and Western democracy generally is shown by a confidential Greek document.

This indiscreet document is a 16-page verbatim account of an official, top-secret foreign policy briefing by Panayiotis Pipinelis, the military regime's foreign minister, on Aug. 26 at Bad Schinznach, Switzerland, for Greek ambassadors to Western European nations.

Forgoing diplomatic niceties, Pipinelis referred to the United States as a "so-called democratic country" controlled by an "irresponsible" oligarchy worse than the rul-

ing cliques in Hitler's Germany or Brezhnev's Russia. But he unhappily concluded that Athens must try to do business with Washington, unreliable though the Americans are. Thus while the innocents in the U.S. State Department believes in the pro-American fervor of the Greek junta and hope for a return to democracy in Athens, the Greek regime thinks and talks privately in a framework of cynical power politics.

What is most remarkable is that this comes not from one of the junta's barracks-hewn colonels but from the regime's most polished figure. Pipinelis, who formerly had close connections with the royal court, is a diplomat of the old European school—sophisticated, conservative and cynical.

In the Bad Schinznach briefing, Pipinelis referred to "so-called democratic allies of ours"—headed by the United States—that "are led by secret oligarchies which are much worse than any other oligarchy because they are irresponsible."

He defended the Greek government's iron press censorship as responsible while in the United States, "censorship, instead of being exercised by the American government responsibly, is being irresponsibly exercised by four or five publishers . . . and the interests hidden behind them." This makes the American system "a lie without conscience."

But even if the United States is a democracy "in name only," Pipinelis continued, it is a country with "terrific power" and happens to be the ally of Greece "of which we have absolute need." The Metternician conclusion: "We are obliged to the extent possible to have normal relations with them."

Nevertheless, the foreign minister cautioned his diplomats not to place much confidence in either the United States or the North Atlantic Treaty Organization (NATO)—contrasting sharply with the Greek regime's public avowals of support for NATO.

Pipinelis quoted Cyrus Vance, President Johnson's emissary during the 1967 Cyprus crisis between Greece and Turkey, as telling a secret Athens meetings that if Turkish troops invaded Cyprus "we can do nothing—absolutely nothing."

When King Constantine asked what Washing would do if Communist Bulgaria and Yugoslavia invaded, according to Pipinelis, Vance replied: "We cannot tell you now. We want to have absolutely freedom of movement."

Mr. DODD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DODD. Mr. President, I must say that I am absolutely fascinated by the debate. It seems to me that I hear the echo of a debate that took place a few years ago, when we were discussing aid to Tito.

I was told it was silly to say, "Don't give aid to that dictator so he can repress his people." I guess it boils down to having one standard for Communist countries and another standard for non-Communist countries.

My essential point is that military aid to Greece is in our national interest.

I do not know how repressive that Government is. According to some reports, it is a government that is tolerably efficient and has a good deal of popular support. Some reports say that political prisoners have been tortured; other reports by neutral experts say that the stories about tortures have been fabricated or grossly exaggerated.

Certainly it would be better if the Greek Government restored constitutional rule, as they have promised to do. But they are on our side.

They provide bases for our ships and our planes, to help us resist Communist aggression. Anyone who has seen the Soviet vessels pouring through the Dardanelles, into the Mediterranean, as I have, cannot help but recall how we have lost base after base in the Mediterranean. And we are about to lose more.

We had better think twice before we throw Greece into the ashcan to appease the Communists.

That is why I offered my amendment.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. GRIFFIN. Mr. President, considering the character of the governments of some of the other countries which are covered by this bill, it would not be wise policy to single out Greece, as the Committee bill does. I shall support the amendment of the Senator from Connecticut.

Mr. SCOTT. Mr. President, I concur in the analysis just been made by my colleague from Michigan (Mr. GRIFFIN), and I intend to support the amendment.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from Connecticut (Mr. DODD). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. CANNON), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from North Carolina (Mr. JORDAN), the Senator from Louisiana (Mr. LONG), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Maine (Mr. MUSKIE), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH), are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. JORDAN) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Iowa (Mr. MILLER), the Senator from Vermont (Mr. PROUTY), and the Senator from Illinois (Mr. SMITH), are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Arizona (Mr. GOLDWATER), the Senator from Illinois (Mr. SMITH), and the Senator from Iowa (Mr. MILLER) would each vote "yea."

The result was announced—yeas 45, nays 38, as follows:

[No. 226 Leg.]

YEAS—45

Aiken	Case	Ervin
Allen	Cotton	Fannin
Baker	Curtis	Griffin
Bennett	Dodd	Gurney
Bible	Dole	Hansen
Byrd, Va.	Dominick	Holland
Byrd, W. Va.	Eastland	Hollings
Hruska	Moss	Smith, Maine
Jordan, Idaho	Murphy	Sparkman
Mathias	Pastore	Spong
McClellan	Pearson	Stevens
McGee	Randolph	Talmadge
McIntyre	Russell	Thurmond
Metcalf	Schweiker	Tower
Montoya	Scott	Young, N. Dak.

NAYS—38

Allott	Goodell	Mondale
Bayh	Harris	Nelson
Boggs	Hart	Packwood
Brooke	Hartke	Pell
Burdick	Hatfield	Percy
Church	Hughes	Proxmire
Cook	Inouye	Ribicoff
Cooper	Jackson	Saxbe
Cranston	Javits	Stennis
Eagleton	Kennedy	Williams, N.J.
Ellender	Magnuson	Williams, Del.
Fong	Mansfield	Young, Ohio
Fulbright	McGovern	

NOT VOTING—17

Anderson	Jordan, N.C.	Prouty
Bellmon	Long	Smith, Ill.
Cannon	McCarthy	Symington
Goldwater	Miller	Tydings
Gore	Mundt	Yarborough
Gravel	Muskie	

So Mr. DODD's amendment was agreed to.

Mr. DODD. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. BYRD of West Virginia. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

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

Mr. MANSFIELD. Will the Senator withhold that?

Mr. HART. I withhold that request.

Mr. FULBRIGHT. Mr. President, the Senator from Idaho (Mr. CHURCH)——

Mr. GOODELL. Mr. President, I had prepared two amendments to the bill with reference to——

The PRESIDING OFFICER (Mr. COOK in the chair). How much time does the Senator from Arkansas yield to the Senator from New York?

Mr. FULBRIGHT. I yield 15 minutes on the bill.

The PRESIDING OFFICER. The Senator from New York (Mr. GOODELL) is recognized for 15 minutes.

EXTENDING THE VOTING RIGHTS ACT OF 1965

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Chair lay before the Senate the message from the House, H.R. 4249.

The PRESIDING OFFICER. The Chair lays before the Senate H.R. 4249, which will be read a first time.

The ASSISTANT LEGISLATIVE CLERK. H.R. 4249, an act to extend the Voting Rights Act of 1965 with respect to the discriminatory use of tests and devices.

Mr. HART. Mr. President, I object to a second reading of the bill today.

The PRESIDING OFFICER. Objection is heard.

Mr. ERVIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Under rule XIV it will go over for 1 legislative day for a second reading.

Mr. ERVIN. Mr. President, under the rules, would it not be proper for the bill to lay over 1 day before being referred?

The PRESIDING OFFICER. The Chair would advise the Senate, with reference to the bill, under the rules of the Senate, that it would be in order, on tomorrow, to have a second reading of the bill and then objection could be heard to further consideration, which would place it on the calendar.

Mr. HART. Mr. President, at what point on tomorrow, or thereafter, would it be in order to refer the bill to committee with a time certain for a report back?

The PRESIDING OFFICER. The Chair has been advised by the Parliamentarian that the bill has to be before the Senate before the Senate can debate it for reference to a day certain.

Mr. HART. Assuming, for further parliamentary information, that a second reading occurs on the next parliamentary day, that having been concluded, would it be in order at that point to move to refer with a date certain to report back.

The PRESIDING OFFICER. A motion to refer would be in order but the request would be debatable.

Mr. HART. I thank the Chair.

SENATE RESOLUTION 298—RESOLUTION RELATING TO A RETURN TO CONSTITUTIONAL GOVERNMENT IN GREECE

Mr. DODD. Mr. President, I submit a resolution and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated for the information of the Senate.

The assistant legislative clerk read the resolution, as follows:

S. RES. 298

Resolved, That it is the sense of the Senate that the United States Government exert all possible effort to influence a speedy return to a constitutional government in Greece.

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

There being no objection, the resolution was considered and agreed to.

FOREIGN ASSISTANCE ACT OF 1969

The Senate resumed the consideration of the bill (H.R. 14580) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world to achieve economic development within a framework of democratic economic, social, and political institutions, and for other purposes.

Mr. GOODELL. Mr. President, it had been my intention to offer two amendments with reference to aid to Nigeria. I found substantial sentiment in favor of the objective of these amendments, but I will withhold the two amendments at this time.

I would like to discuss for a moment the background and the reason for the amendments as they were to be offered. I believe perhaps we can accomplish a signal advance in terms of our relations with Nigeria and Biafra through a discussion and a consensus here in our debate today.

Mr. President, aid to Nigeria raises particular questions in view of the civil war which continues to ravage land, destroy life, and reduce the level of existence for millions of people to starvation and slow death.

What "policy approach" guides our foreign aid to Nigeria? Is it a "take sides" approach? Is our aid entrenching us in one-sided support of the Federal Military Government of Nigeria? Do we see any evidence of a "neutralist," even-handed approach to Nigeria and Biafra?

Given the facts of famine, is there program emphasis on relief? Does relief aid get to starving Biafrans as well as Nigerians?

Given the facts of war, has the Agency for International Development scrutinized development projects in terms of their possible military significance to Nigeria and Biafra?

What I fear is that while U.S. foreign policy is based on a consensus point of no military aid to Nigeria, we can find counterpoint in terms of backdoor military assistance via economic aid projects.

Mr. President, if foreign aid is to be extended to Nigeria, I think it should meet three basic criteria: First, a "neutral" policy approach; second, program emphasis on relief; and third, economic assistance that does not gain the added dimension of military significance.

When we give economic aid to a war-torn country, we cannot ignore the possibility that our aid will have military significance.

Let me illustrate how such aid can evolve.

In the Nigeria-Biafra civil war, it is well known that the battle over supply lines against a determined enemy has been a frustrating experience for Lagos.

Witness a description of the fighting as observed by a correspondent and published in a January 1968 issue of the Economist:

General Gowon's troops are finding it hard to advance beyond the positions they attained at mid-October. They moved some ten miles south of Enugu but were then halted by a demolished bridge over the Nyaba river. They have made very slow progress east of the one-time Biafran capital, fighting for the road from Nkalagu to Abakiliki. An unbroken silence shrouds the movements of the second federal division. After winning back the Mid-West region, this division failed at considerable cost to cross the Niger river at Onitsha. The troops are now believed to have crossed the river at a point farther north and to be making their way south towards their original target along a network of bush tracks and creeks.

The point of this illustration is clear.

It shows that economic aid, let us say, for road development, construction, repair, equipment, as well as bridge building, can in fact have military significance.

Such an evolution in development assistance in Nigeria should not come as shock.

We have been told of the war attitudes of the Nigerian officials.

According to Chief Awolowo, Vice Chairman, Federal Nigerian Executive Council:

All is fair in war, and starvation is one of the weapons of war. I don't see why we should feed our enemies fat, only to fight us harder.

According to another Nigerian official, Chief, Enaharo:

There are various ways of fighting a war. You might starve your enemy into submission, or you might kill him on the battlefield.

From the looks of things, it seems as if the Nigerians are aiming at doing both.

Our business is to be alerted to the fact if Nigerians see starvation as a weapon of war, there is not much to prevent them from seeing foreign aid as a weapon of war. Our business is to prevent perversion of development assistance.

If we fail to see that this can happen, we are deluding ourselves.

Mr. President, among the dominant themes expressed on the Senate floor this session is the concern to avoid U.S. progressive entanglements in foreign military operations.

In the war situation which is Nigeria and Biafra, I see development loan agreements as the most likely to lead us into involvement in on-going civil war operations.

The Calabar-Ikon Road is a development loan project. This road is now a focal point of concern in this country among those who want assurances that U.S. aid is conforming to a "neutralist" policy position and that economic assistance is without military significance.

To prevent misuse and abuse of development loan assistance, I had planned to offer an amendment to prevent new obligations of development loans to Nigeria. My amendment would not have affected obligated funds under present loan agreements.

I had planned to offer an amendment to prevent new obligations of development loans to Nigeria in absence of approval by the President that such loan was in the national interest.

Since 1963, AID has authorized about $66 million for development loan assistance to Nigeria. At the end of 1968, about $22 million had been disbursed for 11 projects, of which three are for road construction.

I would emphasize that I was in Nigeria and Biafra this last February. One of the major objectives in the fighting in Nigeria and Biafra is control of the roadway. When one power takes control of a roadway, or section of a roadway, temporarily, they will dig ditches in the roadway and otherwise destroy the road so that it cannot be used for military purposes.

In this kind of civil war, we have a combination of mid-20th century weapons and, in many ways, mid-19th century tactics and mid-19th century conditions for fighting. So it is very difficult to determine what is military use of the highway or what is of value, in a military sense, to the federal military government.

In many cases the presence of a highway in the right area can permit the transmission of small arms, ammunition, and other supplies to the front. In some instances it can prevent transmission of food to the soldiers at the front. All of this is of military significance.

It should be noted that my proposal, as I had planned, is not for a flat ban on all future development loans to Nigeria. Funds could be obligated if the President deemed it necessary in the national interest and reported such findings to Congress.

I have withheld my two amendments, although there is substantial support for this viewpoint in the U.S. Senate, because many who hold this vewpoint are concerned about legislating a specific prohibition in this legislation. They would prefer that we alert the AID officials, our State Department officials, and the President of our concern over AID policies in Nigeria; that we make known our desire that steps be taken to carefully evaluate every AID project to be sure that AID is meeting first priorities of relief, health, and food assistance to the people who are suffering, and, second, to see to it that no developmental assistance is going that could be of assistance to the Nigerian Government in a military sense.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. How much time does the Senator want?

Mr. GOODELL. Ten additional minutes.

Mr. FULBRIGHT. I yield the Senator 10 additional minutes on the bill.

Mr. GOODELL. Mr. President, a "neutral" policy in U.S. relations with Nigeria and Biafra has been announced by President Nixon. This is a welcome departure from the Johnson administration's one-Nigeria policy.

If we are to get involved in new capital assistance programs for Nigeria, I think this decision should come at the highest level of Government. In this way, we can be assured that any new long-range development project in Nigeria will conform to the neutrality principle. We will also safeguard against aid with military significance.

AN OVERALL LOOK AT AID TO NIGERIA, FISCAL YEAR 1970

Mr. President, the development loan fund is only one instrument of foreign aid.

It would do well here to look at other aspects of our assistance program to Nigeria. By applying the same three criteria I mentioned above, neutrality, relief, and aid without military significance, we can arrive at some worthwhile evaluations on the overall aid program to Nigeria.

For fiscal year 1970, the Agency for International Development—AID—has asked Congress to authorize a $33.7 million assistance program for Nigeria. This total includes: $2.5 million in development loans for the on-going Ibandan water supply project; $11.2 million in technical assistance; and $20 million in supporting assistance; $10 million of which is earmarked for contributions to the International Committee of the Red Cross and voluntary agencies for relief aid.

TECHNICAL ASSISTANCE

What proposals are made for technical assistance?

Project data reveal that out of 13 previously funded projects in agriculture and resources development, 12 are to be refinanced; one project for agriculture production assistance; and the only project in this category designated for eastern Nigeria was deobligated in fiscal year 1969. Resumption of this project is subject to AID's review of the situation in eastern Nigeria.

In education, out of four previously funded programs, two were deobligated in fiscal year 1969 with resumption subject to AID's review of the situation in eastern Nigeria. The two new education projects proposed for technical assistance in fiscal year 1970 are in northern Nigeria and at the University of Lagos.

SUPPORTING ASSISTANCE

What about supporting assistance?

Of the $10 million not earmarked for international relief aid, $5 million is to fund on-going projects. Out of 13 such projects, five are in the South Eastern State; two in the East Central State, which is the designation given to the geographic area of the Biafran enclave government; one in the Mid-West State; and another is the Port Harcourt Hospital project for the people of the Rivers State. Additional programs focus on assistance to Nigerian relief agencies.

In addition to on-going projects, AID has proposed that new funds go for a tuberculosis control project in the East Central State.

The remaining $5 million of supporting assistance requested for fiscal year 1970 is what I have come to call "floating assistance." As far as I can tell, AID can allocate this amount as the need arises.

DEVELOPMENT LOAN ASSISTANCE

We now come to development loan assistance.

Since 1963, about $66 million has been authorized by AID for development loan assistance to Nigeria. At the end of 1968, about $22 million has been disbursed for 11 projects.

Of the 11 projects authorized since 1963: the Niger Dam is nearly completed. In Biafra, funds are currently suspended for the Umudike Agricultural Center. Another project in Biafra, the Port Harcourt-Umuezeula Road has been partly deobligated as of June 1969. According to AID, this project was suspended as a penalty against Nigeria. Other development loan programs focus on water supply, communications, and road construction.

One of these road construction projects is the Calabar-Ikom Road.

Mr. President, from an overall country development program, it is clear that the Federal Military Government of Nigeria—FMG—reaps economic benefits with multimultiplier effects.

On the other hand, there is some evidence that AID is making some effort to reach both Biafra and Nigeria with relief assistance.

Program emphasis on relief, however, is disappointing. I am deeply disturbed to see that AID has proposed to cut its relief contribution from $24.3 million in fiscal year 1969 to $10 million in fiscal year 1970. Even though there are additional funds in supporting assistance for Nigerian relief agencies, the total relief effort planned by AID for next year is simply inadequate.

The Agency for International Development has furnished me with an AID memorandum on Nigeria/Biafra relief. The memorandum is dated October 30, 1969. It lists relief funding levels and includes AID commentary on relief efforts on Nigeria and Biafra.

I ask unanimous consent that the AID memorandum be inserted in the RECORD.

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

A. U.S. CONTRIBUTIONS TO DATE[1] AND ESTIMATED FOR FISCAL YEAR 1970

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Total, Oct. 31, 1969
Public Law 480 donated foods (value)		16.3	5.9	22.2
Transport costs/food		[2] 3.9	2.7	[2] 6.6
Transport costs/private donations		2.2	.5	[3] 2.7
International Committee of the Red Cross (ICRC)	0.1	21.9	.....	22.0
USAID mission support or relief	.1	.2	.....	.3
Total, U.S. Government	.2	44.5	9.1	53.8
U.S. private donations	(4)	12.1	1.4	13.5
Grand total	.2	56.6	10.5	67.3

[1] Updated; November figures substituted for comparable figures in Oct. 30 memo.
[2] Commodity Credit Corporation funds, U.S. Department of Agriculture.
[3] Includes airlift costs.
[4] Unknown.

B. Total contributions from other nations: $78 million (April 1969).

C. AID FUNDING

[In millions of dollars]

	Fiscal years		
	1968	1969	1970
Africa area funds:			
Supporting assistance		20.9	10
Contingency funds		1.9	.....
Worldwide disaster relief: Contingency funds	0.2	1.5	.....
Total	.2	24.3	10

D. PEOPLE IN CONTINUING NEED

	Number
Biafra	3,500,000
Nigeria	[1] 500,000
Total	4,000,000

[1] Reduced from 1,000,000 in May.

E. *Background of Relief Effort.* In the summer of 1968 the conscience of the world was awakened to the tragic plight of the Biafran people who had been cut off from essential food and medicines by the economic blockade imposed as the result of the war by Nigeria against Biafra following its succession. A lesser known fact was that not only were the lives of millions within the enclave in jeopardy, but also over one million civilians were in the same dire condition on the Nigerian side as the battlelines moved back and forth.

Local organizations—the Nigerian Red Cross on the Federal side and the Biafra Red Cross within the enclave—were trying to cope with this problem and had started to build up the requisite institutional struc-

ture to do so. Their limited resources soon proved inadequate to the enormous task of obtaining, transporting, and distributing relief supplies to the multitudes requiring immediate help. Appeals were made for outside aid and finally both sides agreed to accept the assistance of an organization well known for its traditional role of neutrality in war situations, the International Committee of the Red Cross (ICRC). The ICRC quickly moved in with relief supplies (food, medicines, clothes), logistics support (trucks, coasters, planes) and key technical personnel, provided by private and public donors throughout the world.

At the same time, both foreign and American voluntary agencies were responding to this disaster by establishing their own mechanisms for distribution of relief supplies. Most private American assistance has been channeled through Joint Church Aid/USA, (JCA/USA), an association composed of the Catholic Relief Services, Church World Service, and the American Jewish Committee. Over 26 leading U.S. charitable organizations have contributed to the relief effort. As of October 1969, over $13.5 million in private American donations had been channeled through U.S. voluntary organizations to these war victims.

Both Joint Church Aid, an international association of church groups, and the ICRC, organized airlifts to carry relief supplies into the blockaded Biafran enclave.

F. *U.S. Government Role in Relief Effort.* The U.S. Government, considering this war basically a Nigerian problem to be solved within the African context, confined itself to the humanitarian role of furnishing relief assistance to civilian victims on both sides and to helping the Nigerian Government initiate rehabilitation programs to enable the war victims to return to as normal a livelihood as possible. The U.S. Government abstained from any direct action and channeled its assistance through those organizations already engaged in the relief and rehabilitation effort.

1. *ICRC.* AID donated to the ICRC $22 million in cash which covered about two thirds of that organization's budget. Half of those funds ultimately went to beneficiaries on the Nigerian side and half on the Biafran side.

2. *Food.* As of September 1969, the U.S. Government had turned over for distribution 82,000 metric tons (MT) of P.L. 480 food, valued at $17 million, to the ICRC, UNICEF and the U.S. voluntary agencies. An additional $5 million in food has been authorized for shipment as soon as called forward by the relief agencies.

In addition to food actually distributed, the U.S. and other nations donated sufficient food to build up a total stockpile, which presently stands at 38,000 MT's. Of this 21,300 MT, destined for Biafra, are presently stored in Sao Tome, Santa Isabel, and Cotonou, Dahomey. The remaining 16,500 MT's are stockpiled at various points in the federally-controlled areas affected by the war.

3. *Transportation Support.* The U.S. Government is reimbursing JCA/USA for ocean and airlift costs of transporting P.L. 480 food and privately donated goods to Nigeria and Biafra. An estimated $6 million was made available for these transportation charges in FY 1969.

4. *Planes.* To increase the capacity and efficiency of the airlift into Biafra, the U.S. Government has authorized the sale at a nominal price of eleven large capacity C–97g airplanes to the ICRC and to JCA/USA.

5. *Technical Personnel.*

(a) *American Red Cross.* Experts in logistics, management and administration were lent by the American Red Cross to the Nigerian Red Cross/ICRC to help in the conduct of the relief operations. AID participated in this arrangement by paying the cost of international travel and incidental expenses for those technicians.

(b) *U.S. Public Health Physicians.* Under a PASA, AID engaged a team of epidemiologists/nutritionists who have established within the federal territory systematic public health survey methods for determining the extent of need among large masses of people, the kinds of food required and the appropriate ration to be fed each individual.

6. *Medical.* In addition to the U.S. Public Health doctors mentioned above and the attack on the disease of famine by food contributions, AID has provided the following medical assistance.

(a) *Smallpox/Measles.* Last winter it was reported from Biafra that an onslaught of measles was taking a 50 percent toll among already weakened children. AID immediately responded with a cash contribution to ICRC which resulted in 800,000 children having been innoculated against measles and 2.2 million persons against smallpox by September 1969. The USAID regular measles/smallpox vaccination program was quickly extended to the war affected population on the federal side.

(b) *Tuberculosis.* Almost 100,000 persons in Biafra have now been innoculated against TB under a campaign partially financed by AID. At the same time, the Federal Military Government of Nigeria (FMG) is undertaking a medical evaluation to design the most appropriate anti-TB program for the federal side.

7. *Special Coordinator's Office.* To coordinate the various relief programs and to maximize the flow of relief supplies, the Secretary of State appointed a Special Coordinator for Nigerian Relief. His office has been provided almost $100,000 for administrative support by AID. AID has also supplied technical and financial assistance to implement special initiatives to the Coordinator.

8. *USAID Support Staff.* Consistent with its intent to assist others in doing the job, AID has no employees directly working in either the relief or the rehabilitation program in Nigeria. AID has only a small support staff of 16 people, whose principle function is to act as a catalyst in bringing together financial and human resources from different sources to achieve our humanitarian objectives.

G. ACCOMPLISHMENTS

1. *Biafra.* The airlift into Biafra is comparable in volume and circumstances only to the Berlin airlift.

Flights completed (October 1969), 5,843.

Tons delivered, 62,146.

As a result, the relief agencies within the enclave have been able to feed about three million people.

2. *Nigeria.* The combined relief efforts have provided food for about one million people within the federal territory. A good harvest last season, plus a rational approach to relief problems have now reduced this caseload of relief recipients to approximately 450,000 persons.

H. PROBLEMS

1. *General.* The ICRC had no previous experience in operating a relief program; thus, this organization underwent the inevitable difficulties entailed in creating the requisite administrative structure; coordinating a staff of diverse nationalities, customs and languages; and grappling with problems such as coastal charters, warehousing and storage practices, as well as vehicle maintenance.

Neither the ICRC nor the JCA had any prior experience in running an airlift; hiring and supervising pilots, as well as operating and maintaining sophisticated aircraft.

2. *Biafra:* Specific Problems.

(a) *Cumulative effect of debilitation on people and on economy.*

(b) *Break-down of marketing patterns.*

(c) *Lack of rationing and other controls* to asure equitable distribution of food and necessities.

(d) *Deterioration of internal logistics system;* lack of vehicle maintenance; shortage of fuel.

(e) *Inadequacy of airlift.* A generous world has produced ample relief supplies for Biafra; any lack of essential items within the enclave now is attributable not to a shortage in resources, but to difficulty of access caused by the unwillingness of the two sides to compromise political and military aims to permit improved airlift arrangements.

Because of the limited capacity of the airlift, sufficient food cannot now be delivered to meet the need.

	Per week
Estimated need for imported food	2,500 MT
Average amount being delivered	1,000 MT
Shortfall	1,500 MT

The capacity of the airlift is limited by numerous factors;

(i) Flights can be made only during the limited number of night time hours.

(ii) Relief flights can land at only one makeshift airport (Uli).

(iii) Uli can handle but a limited number of planes at one time.

(iv) The number of airports available to serve as take-off points for flights is severely restricted.

(v) The departure airports can handle only a few planes at a time.

Since one of its planes was downed in June by the Nigerian Air Force, the ICRC has discontinued flights into the enclave (except for a few service flights). JCA is trying to make up for this gap by increasing its number of flights.

3. *Nigeria:* Specific Problems.

(a) *Nigerian Red Cross (NRC).* As of September 30, 1969, the ICRC terminated its operations in Nigeria and the Nigerian Red Cross was returned to its former role of being fully in charge of the relief operation.

NRC's main problem at the moment is financial. The Nigerian Government's financial support for the relief effort has been somewhat sporadic and piecemeal. Although the NRC has appealed to the outside for help, little in the way of contributions has yet trickled in. The immediate need is for cash to cover current operating expenses. The NRC has requested $3,640,000 from the FMG for its expenses next year; but no action has yet been taken on this request.

(b) *Logistics.* Internal transportation problems create severe problems for the distribution of relief supplies. Rail transport from Lagos to the war affected areas takes a minimum of three weeks. The bridge over the Niger River has been destroyed. Coastal vessels can carry supplies to Port Harcourt and Calabar but inland transportation on from these ports is extremely difficult.

(c) *Temporary Interruption in Food Distribution.* Considerable concern was recently generated by reports that food distribution had been cut back in the forward areas because the forward shipments of food from Lagos and coastal ports had been halted.

In fact, this temporary reduction was in part due to difficulties of communications between the field personnel and the NRC coordinators in Lagos. Because of a good harvest and the desire to end dependency on relief feeding as soon as possible, there has been a definite intent to reduce relief feedings wherever local conditions so permitted. Likewise existing stockpiles were predicated on a contingency which has not happened, i.e. the need to feed three million people suddenly should an opening in the military front take place. Since this has not happened, it was decided to reduce the stockpiles to avoid spoilage.

Meanwhile, the food already in transit to the field has been delayed by poor transport conditions due to rains. By early November 800 MT of food in addition to the 2,200 MT's already there were en route to Enugu and another 500 MT's were on the way. Additional supplies are being forwarded on coastal vessels. Moreover, enough food still remains in the stockpiles to meet the needs for two months.

(d) *Access to the people.* The relief teams are unable to obtain access to numbers of people near the battlefront, many of whom are hiding out in the bush. The relief efforts are further hampered by the very real need of the military to maintain its own security.

I. FUTURE PROSPECTS

1. *Biafra.* The U.S. Government plans to continue to furnish P.L. 480 food as required and to provide financial support for the tuberculosis campaign. The transportation costs of the American voluntary agencies will also be reimbursed during FY 1970.

The ICRC is still attempting to persuade the belligerents to accept a daylight flight arrangement and to permit ICRC to start another airlift. The prospects are not hopeful.

2. *Nigeria.* The U.S. Government intends to assist the Nigerian Red Cross by continuing to provide needed P.L. 480 food; by financing travel costs and per diem of American Red Cross technicians lent the Nigerian Red Cross, and by providing American physicians as medical advisers.

(a) *Staff.* A $140,000 AID grant made in FY 1969 will be available to the Nigerian National Rehabilitation Commission and the Nigerian Red Cross to hire local personnel for their programs.

(b) *Transport.* AID is furnishing ten trucks and four small river craft to the National Rehabilitation Commission for distributing relief supplies.

(c) *Logistic support.* A $700,000 AID contract with the Vinnell Corporation is supplying a 15 man team to provide expertise in logistics and vehicle maintenance to the Nigerian relief and rehabilitation organizations.

(d) *Other.* AID inputs to the Nigerian Red Cross will be made as specific requirements arise. We are presently exploring possible channels for our assistance here as well as estimating amounts to be needed.

Mr. GOODELL. Mr. President, this memo tells a tragic story.

We start with a figure of 4 million people in continuing need of relief assistance.

For AID, the "future prospects" for starving Biafrans are briefly stated and "not hopeful."

For me, the cut in AID's contribution to relief assistance is totally unjustifiable.

For AID to cut funds for immediately needed food and medical relief, while increasing funds for a long-range development project like the Calabar-Ikom Road, is difficult for me to understand. I cannot understand these decisions and I shall speak out against them.

Mr. President, there is evidence of the taking-sides approach in our aid to Nigeria, even though AID is trying to comply with the principle of neutrality.

Indeed, AID's recommendation this summer to the Development Loan Committee and the committee's decision to agree to increase development loan funding for the Calabar-Ikom Road leads me to believe that the neutral policy orientation carries with it little weight when it comes to project approval.

There are several reasons why I am concerned about increasing the funding level of the Calabar-Ikom Road above the originally authorized and presently committed amount of $8.6 million.

It is not that I oppose this road on the grounds that it is an ill-conceived long-range development goal. It will be recalled that the Calabar-Ikom Road project was included in the Nigerian 6-year development plan—1962–68—which related to the former Eastern Region.

The intention, at the time the project was first developed, was to link the Eastern Cross River Basin, with its rich agricultural potential and sparse population, with the heavily populated central part of the former Eastern Region. The primary purposes were to facilitate population movement to the underdeveloped area and to permit agricultural produce to move out to the more populated west and to Port Harcourt. With the former Eastern Region capital located at Enugu it would also have served to better connect the areas administratively.

This summer AID agreed to revise the Calabar-Ikom Road project. Its justification is as follows:

After the reorganization of new states and the shift in transport patterns the need for the Ekuri bridge crossing lost its importance relative to a bridge at Ikom. The original project assumed that a ferry at Ikom would adequately serve the projected traffic moving down from the north. This was based on the fact that food and other agricultural products from the Ogoja area (in the north) would move west to Abakaliki and Enugu. It is now projected that food from the north will move down to markets in the southern part of the state, particular Calabar. With the planned expansion of the port of Calabar, agricultural export products will move through Calabar instead of Port Harcourt.

I do not seek to oppose this road on the basis that the project has progressed very slowly.

I would only note in passing that over a 6-year period—1963–69—approximately $8.6 million of development loans has been spent on this road with little more to show for it than feasibility studies.

I am concerned about increased funding of the Calabar-Ikom Road project because of my strong conviction that when the United States acts in Nigerian development projects, it must be as a "neutral" and because of my feeling that economic aid must be devoid of military significance.

Mr. President, I think there is reason to believe that to pursue the Calabar-Ikom Road, under the revised plans and increased funds agreed to this summer by the Development Loan Committee could violate the "neutrality" principle and lead to economic assistance with military significance.

The Calabar-Ikom Road project is located in the South Eastern State of Nigeria.

The total project, as revised this summer, consists of approximately 127 miles of paved road from the port of Calabar to Ikom.

As a result of the project addition—improvement of a 27-mile stretch of the Calabar Mile 5–35 Road at an estimated cost of about $5 million; and as a result of project deletions, including resiting of the bridge from Ekuri to Ikom; jettisoning the ferry crossing at Ikom; eliminating the provision for grass shoulders; and others—the project now consists of the following sections:

Segments of road	Miles	Target date for completion
(a) Calabar to mile 5–35	27	Summer 1970.
(b) Mile-35 (Dunlop Estate) to Orira.	12	Do.
(c) Orira to Ugep	30	Winter 1970.
(d) Ugep to Apiapum	26	1971.
(e) Apiapum to Ikom	32	1972.
(f) High level bridge at Ikom		1972.
Total length of revised project.	127	

FINANCING REQUIREMENTS OF THE PROJECT AS ESTIMATED BY AID THIS SUMMER ARE SUMMARIZED BELOW

	Original Loan Project (Col 1) as amended Dec. 30, 1966	Revised Project (Col 2)	Difference (Col 2 less Col 1), Upon which the amendment is based
Total Foreign Exchange	$11,982,001	$14,763,164	$2,781,163
Total local cost	6,130,131	6,987,704	857,573
Total project	18,112,132	21,750,868	3,638,736
AID Development Loan:			
Foreign exchange	11,982,001	14,763,164	2,781,163
Local cost	2,617,999	2,617,999	
Total loan	14,600,000	[1] 17,381,163	[2] 2,781,163
FMG contribution	3,512,132	4,639,705	857,573
AID plus FMG	21,112,132	21,750,868	3,638,736

[1] Say $17,400,000.
[2] Say $2,800,000.

It should be recalled that the South Eastern State of Nigeria borders on the East Central State, the Nigerian Government's designation for the area which geographically includes the Biafran enclave.

The Cross River is a natural dividing line between the two States.

The Cross River is also the eastern line of Biafran defense.

The Calabar-Ikom Road parallels the Cross River.

In view of the "no military advantage" argument which has been raised against the Calabar-Ikom Road, I think mile differences should be noted between points on the road and the Cross River.

[Distances from Cross River]

Towns to be connected by Calabar-Ikom Road:	*Miles*
Ugep	9½
Idom	9
Ndealichi	6
Iwuru No. 1	6½
Iwuru No. 2	9
Budena	8½
Mbarakom	15½

Mr. President, this summer, AID authorized $2.8 million more from the development loan fund to help finance the new addition to the Calabar-Ikom Road project; namely, the 27-mile segment of the road called Calabar Mile 5–35.

One reason given by AID to the Development Loan Committee for improving this segment was that it has deteriorated due to civil war damages and the use of large military vehicles.

Regardless of this point which was

made to justify an increase of funds for the road, AID has insisted, as it did in a press conference on December 10:

> The road has no value to Federal Government military operations.

Mr. President, I find it difficult to follow this reasoning.

Here it is necessary to understand the kind of warfare that is going on in the Nigeria-Biafra civil war.

As I have already pointed out, in this war, it is a fact that the battle over supply lines has played a major role in military operations.

Recall again the description of fighting as published in a January 1968 issue of the Economist:

> General Gowon's troops are finding it hard to advance beyond the positions they attained at mid-October. They moved some ten miles south of Enugu but were then halted by a demolished bridge over the Nyaba river. They have made very slow progress east of the one-time Biafran capital, fighting for the road from Nkalagu to Abakiliki. An unbroken silence shrouds the movements of the second federal division. After winning back the Mid-West region, this division failed at considerable cost to cross the Niger river at Onitsha. The troops are now believed to have crossed the river at a point farther north and to be making their way south towards their original target along a network of bush tracks and creeks.

According to the same 1968 article,

> Now there is every indication that more pressure is to be applied in the hope of achieving the kind of decisive confrontation and success that has so far escaped the federal strategists. A fourth planeload of military cargo came into Lagos on Sunday from England adding to the 30 tons of material delivered in December. The Nigerian navy is active again, steaming eastwards with cargo for Bonny and Calabar, including a susbtantial number of Land Rovers, Peugeots and other heavy-duty vehicles confiscated from their owners in recent weeks.

Mr. President, as I have indicated the first work to be done on the Calabar-Ikom Road is the 27-mile stretch of Calabar Mile 5–35. It is to be completed by the summer of 1970.

It should be recalled that this section of the road leads to the port of Calabar as well as to airport facilities.

Mr. President, if this section of the road is completed what is to prevent the Federal Military Government of Nigeria from using it for military advantage?

The road has been used in the past for military purposes.

I find it of some coincidental interest that the road will be constructed according to the design standards for a 9,000-pound wheel load. Along with heavy commercial transport, the road would easily withstand heavy traffic with large military vehicles.

In terms of military significance, I think it also relevant to point out that of the 12 bridges to be constructed along the road, five of them are on that lower section of the road in which construction work will be done over the next 12 months.

I have not yet been satisfied that these bridges will be simply links to the road north.

Mr. President, if we were Biafrans, how do you think we would react to road construction on the 27-mile strip of the Calabar Mile 5–35?

Would we interpret such road construction as a military threat?

Recall with me the now well-known "May incident" when a European oil company started road construction on the west side of the Niger River. Biafrans attacked by sending forces across the river.

Looking at the Calabar project, what if an attack should occur during construction on the Calabar Mile 5–35 Road? What if American engineers and construction managers were killed?

In proceeding with this road are we not taking unreasonable risks?

Risk lies in the possibility that the Nigerian Government will use this road for military operations.

Risk lies in putting American engineering and construction personnel in a potentially explosive military situation.

What can be lost in taking these risks? We can lose our "neutral" policy position toward Nigeria and Biafra. Our position of no military involvement can be undermined.

I should think we would want to eliminate these risks.

Some will say that we will also lose the benefits to be derived from the road's contribution to economic development of the South Eastern State.

Let me hasten to add that this position cannot withstand argument.

First, project emphasis is on the Calabar Mile 5–35 section of the road. The 27-mile strip is to be completed by next summer.

A significant point to keep in mind is that this is not a new road. Work on the 27-mile strip is merely to improve the existing road. By improvement, is meant, a two-lane surfaced highway with associated bridges and drainage structures.

Presently, 90 percent of the current traffic on the existing road has its origin and destination between Calabar Port and mile 35. Commercial traffic is primarily by the Dunlop Rubber Corp., located at mile 35.

There are conflicting reports as to the presence of military vehicle traffic.

ALTERNATIVE ROUTE FOR FOOD SHIPMENTS

Mr. President, on this question of economic development risks if project construction is halted, we must remember that Calabar-Ikom Road is not the only road from Calabar to the north.

Calabar is served directly by two roads, one of which is the AID project road and the other is the Calabar-Mamfe—Cameroon—Road. The latter has an untarred surface, and travel is severely restricted in the rainy season, but still the road is usable. The road terminates just over the border in the Cameroon on the road to Mamfe.

Let us recall that Calabar is connected to the western part of the southeastern State and hence to other parts of the former eastern region either through a long ferry crossing—1½ hours—from Calabar or Oron or through a ferry at Ikot Okpora on the Cross River and a connecting road to the project road. The Calabar-Ikom Road will thus become the primary artery linking the southern and eastern parts of the state with the north.

As I have pointed out the Calabar-Ikom Road parallels the Cross River which is the eastern line of Biafran defense.

Calabar-Mamfe Road however runs north to the Cameroon. This route would not present the possible military threat that the Calabar-Ikom Road does. I understand that road links to the Calabar-Mamfe Road are possible and could connect the road with the rich agricultural produce in the north.

Mr. President, why did not AID move to improve the Mamfe Road instead of moving to improve the Calabar Mile 5–35 Road section?

Again with the risks attendant to the Calabar-Ikom Road, it makes clear sense to me that the alternative Mamfe Road should have been selected for improvement.

Mr. President, in terms of food relief, it appears that the Mamfe Road could be used effectively with emergency improvements. On the other hand, if we hope that by work on the Calabar Mile 5–35 segment we can help transport food from the agriculturally rich land of the north, we are sadly mistaken, at least until 1972.

If new work starts on the project, it will be at the farthest possible point on the first 27 miles of the 127 miles leading to the agriculturally rich region of the north.

I fear we may live to see military use of the road by September 1970.

We would then witness our aid exploited.

Today, we must show a determination that economic aid must be real development assistance; it must not become an instrument for back door military assistance.

Mr. President, it is my strong feeling that AID should take a long look at our projects involving development loans in Nigeria. I believe that the decisions on allocation of funds for development loans in a country that is racked by civil war should be at very high policy levels. This belief is based on a concern that there is grave risk of involving ourselves in the conflict directly, with our personnel involved in hostilities, or indirectly by assisting in military advantage to one side or the other.

Mr. President, I have steadfastly taken the position that this country has no business trying to settle the civil war, or take sides in the civil war, between Nigeria and Biafra. I have strongly felt that we should do everything possible to minimize the starvation and to tackle the tremendous health problems that exist among the population. This is a war where civilian casualties have outnumbered military by more than 100 to 1. Civilian casualties have been largely innocent women and children not involved in the direct conflict.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. GOODELL. I yield.

Mr. FULBRIGHT. I agree with what the Senator has been saying about our policy. One of the reasons why I have been so skeptical about the pilot foreign aid approach is that it seems to have a tendency to involve us in the internal affairs of so many countries. The Sena-

tor has picked out one very good example, and I agree with his attitude, which I had understood was the administration's attitude, of the desirability of neutrality in a situation such as exists in Nigeria.

I regret that the administration program departs from that policy. On the other hand, the policy of the committee and the Senate generally has been not to specify for or against particular countries. There have been some objections, over the objection of the committee and myself. Nevertheless, that is the general rule.

I would join the Senator in urging the administration to be very careful not be partisan nor to become involved in this struggle. It is a very difficult, savage, and complex one. It involves the tribal allegiances of these people.

I do not think that we have either the intelligence or the means with which to solve it for them. They will have to do it for themselves. And we should be neutral as between the two factions.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. Mr. President, I yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, I think the Senator from New York has done a service for us all in speaking on this subject.

Our country has been shocked in the last year or two to learn about the hunger and privation existing in Biafra. I remember the Senator's visit to Nigeria and Biafra and report to the Senate. He performed a useful service at that time to the Senate and the country, as he is doing today .

I am glad the administration is following a policy of neutrality. I believe that the Senator is right in pointing out that in the provision of indirect assistance, we may indirectly provide military aid to another country.

I hope that the Senator will continue to speak on this subject. I believe the greatest service our country could perform would be to find some way in which to aid these peoples, perhaps through the organization of African States, or directly to see that adequate food and medicine and supplies to the thousands and thousands of starving people.

Not long ago, a former administrator of the nongovernmental border program visited me.

He told me at the time that unless a great amount of food could be poured into Biafra, and Nigeria—but principally Biafra—within 2 or 3 months thousands would die, and chiefly the young, and the old.

Mr. GOODELL. Mr. President, I thank the Senator for his comments.

I witnessed this directly in Biafra and Nigeria. I took a team of experts, including Dr. Jean Mayer who subsequently became the President's designated pleader for the White House on hunger. He is a very prestigious expert on starvation.

We witnessed starvation in both Biafra and Nigeria and urged upon both Biafra and Nigeria that they take every measure to minimize the civilian suffering.

We indicated that our Government was ready to assist them, I was sure, in any way we could to minimize that suffering. We made it clear that we did not want to get involved directly in the issues of the civil war or in the civil war itself, and that I would certainly refrain from making any recommendations along those lines.

When I returned, I recommended to the President and the Secretary of State the appointment of a food administrator to go there and try to negotiate ways completely apart from the war itself to get aid to Biafra. Nigeria is generally accessible to our aid, and we are sending Nigeria a great deal of it.

Dr. Clyde Ferguson was appointed. He has done a very fine job. Our Government fortunately has moved away from a one-Nigeria approach toward a neutral approach.

The President has been striving to get more food there, and using our good offices to end this conflict.

My concern it that certainly in a complex, big government, administrators in different agencies will not understand the complications of a development loan in a war-torn country. I believe that sometimes this basic understanding is missing.

With reference to our aid program in Nigeria, I believe that the State Department and the White House must look very carefully and reassess these development loan programs for Nigeria, so as to be absolutely sure they have no military application.

I think the danger here is that our economic assistance could be misinterpreted.

I had intended to offer two amendments.

One of the reasons I withheld my amendments is that I have no desire to alienate this country from the Federal Military Government of Nigeria. I have no desire to increase the hostilities in this war.

Lord knows, hostilities are high enough now.

I did not want my amendments to be interpreted as anti-Nigeria and perhaps damage our relationship in that respect. I do feel that we should continue foreign aid to Nigeria. What is important in every aid project is that it is administered in a way to help the people; not to help the government gain military advantage in this civil war.

Mr. President, I appreciate the statements of the Senator.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. FULBRIGHT. Mr. President, I yield to the Senator 1 minute.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 1 minute.

Mr. CHURCH. Mr. President, I am sure that the Senator from New York is familiar with a column by Evans and Novak which was published in the Washington Post on the day before yesterday. It is entitled "AID Bureaucrats Going Full Speed Against U.S. Neutrality on Nigeria."

I think the article capsules the argument so ably presented by the Senator from New York. I wonder if he would have objection to having it printed in the RECORD?

Mr. GOODELL. Mr. President, I would have no objection. I would be delighted. I think the column performed a great service.

Mr. CHURCH. Mr. President, I ask unanimous consent that the article to which I referred be printed in the RECORD.

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

AID BUREAUCRATS GOING FULL SPEED AGAINST U.S. NEUTRALITY ON NIGERIA

(By Rowland Evans and Robert Novak)

Although top policymakers in the White House and State Department have ordained a new policy of neutrality toward Nigeria's civil war, a highway of great value to Nigerian federal forces—and potential military use against Biafran secessionists—is being built with U.S. foreign aid.

The decision to build the road with American tax dollars was taken quietly inside the Agency for International Development, with neither specific approval from the White House nor a single word of discussion in Congress.

This project, along with the over-all pro-federal tone of foreign aid to Nigeria, reflects the inability of top policymakers to execute their orders inside the bureaucracy. All the more remarkable, the Nigerian highway project directly contradicts overt congressional reluctance to get entangled in foreign internal disputes following the Vietnam experience.

Actually, the pro-federal bias by AID is a holdover from the official U.S. position of July, 1967, when leaders of the Ibo tribe seceded from the Nigerian federation to form the republic of Biafra. U.S. Foreign Service officers on the African desk, expecting the Biafran revolt to be quickly subdued, sided with their counterparts in the British Foreign Office against the secession. That became Johnson administration policy.

But with the Nixon administration came faint stirrings of change. The new National Security Council staff at the White House under Dr. Henry Kissinger prepared secret memoranda proposing strict neutrality.

Urged by Sen. Charles Goodell of New York and opposed by the AID bureaucracy, President Nixon appointed a special relief administrator to get food to starving Biafra. Finally, on Nov. 12, the switch to neutrality was made official—against the wishes of the State Department's African desk—when Secretary of State William P. Rogers called for a negotiated settlement without the customary pro-federal declaration.

But while the policymaking machinery of the U.S. government was ponderously changing direction, AID bureaucrats went full speed ahead. Unknown even to the NSC, construction started on a new U.S. foreign aid project: a road from the southern port of Calabar running 127 miles northward.

That road constitutes unauthorized intervention into a civil war that could lead to unintended U.S. involvement. About 40 miles of the highway come within 6 to 15 miles of the Cross River, dividing line between Nigerian and Biafran troops. That raises the danger that Biafran troops could kill or kidnap Americans working on the road in Nigerian-held territory—the fate met by European workmen in Nigeria.

Moreover, the highway could be of direct military aid. When it is only half completed north from Calabar, it will form a 200-mile link for the federals to their forward bastion

of Enugu. That would mean a major shortcut for the federals, who now send supply convoys some 500 miles east to Enugu from the western port of Lagos. In fact, some military traffic has already been seen on completed portions of the new road.

When AID officials testified before Congress last summer, nothing was said about the road. Its existence was discovered by a private citizen—Christopher Beal, a student at the Fletcher School of Law and Diplomacy—who passed the information on to amazed officials at the White House and on Capitol Hill.

Official assurances that the Calabar road means little have been less than candid. "The contractor working on the road reports only insignificant military traffic," asserts a State Department letter of Nov. 18 to Sen. Goodell. But a confidential AID memorandum for internal use, dated Oct. 28, is less categorical: "Some military and commercial vehicles have been reported using some of the roughly graded sections of the road."

Furthermore, the road reflects over-all AID policy. The agency's official justification for aid to Nigeria (which mentions Biafra only between quotes) is geared to rebuilding federal public works while the war continues.

But curiously, AID bureaucrats show no interest in getting food inside the landlocked Biafran enclave. Prof. C. C. Ferguson, named by Mr. Nixon as Nigerian relief administrator, has been deluged with legalistic nit-picking but very little help from AID. Accordingly, when the foreign aid bill reaches the Senate floor, Goodell will try to eliminate either the Calabar road or all aid to Nigeria.

What makes AID's persistent pro-federal policy peculiarly irrational is the fact that the U.S. cannot possibly compete with the Soviets and the British, currently bidding each other up for influence in Lagos by supplying arms to the federals. Rather, the Calabar road is one more example of the mindless devotion that some Foreign Service and AID officers have for their client countries, despite the risk of U.S. involvement. It is a syndrome that so far the Nixon administration is no more able to break than its predecessors.

Mr. BROOKE. Mr. President, one of the amendments which the junior Senator from New York had intended to offer would have prohibited the use of American AID funds for the "improvement, development, or construction" of a road between Calabar and Ikom in Nigeria. I understand my colleague's concern in this regard. He, and I, have long been urging that the United States refrain from direct involvement or support to either side in what has become Africa's bloodiest and most prolonged civil war. If American development assistance for this project would, in fact, constitute direct support for either the Nigerian or the Biafran war effort, then I would be the first to join him in proposing that we terminate the agreement in question.

But, Mr. President, let us look at the facts of this case. We are talking about an agreement signed between the United States and Nigeria in 1963 to construct a road through the eastern region of that country, from the port city of Calabar to the northern market center of Ikom. The road was to be 127 miles in length, and would link, for the first time, the food-producing areas north of the delta with the heavily populated coastal regions. A feasibility study was conducted by an American consulting firm, and a construction contract was signed between an American engineering firm and the Government of Nigeria in 1966. Work began early in 1967, but was interrupted by the outbreak of the Nigerian civil war in July of that year.

In the spring of 1968, the area in question was retaken by the Federal Government, and in August of 1968 the Nigerian Government requested that work on the project be resumed. Work was resumed in January of 1969, after certain changes in the original route of the road were agreed to.

The question at issue today revolves around the potential military usefulness of the Calabar-Ikom road. It has been charged that the Nigerian Government is anxious to improve and extend the road because of the military advantage it will provide for the Federal troops. It has been charged also that in proceeding on this project we are in fact lending indirect military assistance to the Nigerian war effort.

But, Mr. President, let us once again look at the facts of the case. Construction of this road will not be completed, even under the best of conditions, until 1972. The surface of the road at the present time cannot support heavy military traffic; such use would render it unsuitable even for the light lorries and wagons which are now able to wend their way over portions of its rutted and unpaved surface. Furthermore, the presence of construction workers on any highway is no asset to military transportation. In fact, if the Nigerians had any intention of using this road for military purposes, it is more than likely that they would not be encouraging construction at this time, but would rather use the road as it is for immediate military advantage, and bar all commercial transport.

If further proof of Nigeria's intentions is needed, however, it should be found in the fact that among the course changes recommended by the Nigerian Government and approved by AID and the contracting firm is a provision to relocate the Cross River Bridge from Ekuri to Ikom. Under the original plan, the bridge would have carried the highway across the Cross River at a point where traffic would be directed into the area of Enugu and south to Port Harcourt, both strategic and still contested areas in the prolonged civil war. Instead, however, the bridge will be constructed on a direct north-south route where its sole function will be to speed the flow of food and commercial goods from the northern regins to the coast.

Mr. President, for 2 years the Senator from New York and I have addressed this body and the American public on the need to provide additional assistance to feed the hungry victims of the Nigerian civil war. The construction of the Calabar-Ikom road will do just that—it will help to speed the flow of goods to refugees presently living in the areas under Nigerian control. And it can only be assumed that once peace is restored the road will serve a vital function in the reconstruction of the area's economy.

Objection to the Senator's proposal could be raised on the grounds that it would require the U.S. Government to renege on a commitment to a friendly state. Serious question could be raised by American companies operating abroad—where they are doing much to further the long-range policy interests of this Nation—as to the validity and security of American aid and investment guaranties. In my argument, however, I have chosen to focus on that issue in which I know the Senator from New York and I share a deep common concern: the issue of American assistance to feed hungry people and restore war-torn areas. I believe that our continued support for construction of the Calabar-Ikom road would help to accomplish the objective we both seek.

The Senator from New York has also suggested that our Government give no assistance to Nigeria until the President himself finds such assistance to be in the national interest and so informs the Senate Foreign Relations Committee and the Speaker of the House of Representatives.

It can only be assumed that our Government would be giving no aid to any government unless it were in our interest to do so. The fact is that the Department of State, and Agency for International Development, the Bureau of the Budget, the Office of the President, and the Senate Foreign Relations Committee all concur in the judgment that assistance to Nigeria at this time is desirable for us and beneficial to the people of that country. If, on the other hand, conditions should change drastically, the President already has all the authority he needs to defer the obligation of further funds.

I certainly concur in the judgment that we should not be aiding Nigeria militarily in the prosecution of its civil war effort. In fact, I would prefer to see a complete abstinence on the part of the major powers in the provision of arms to either side. But this is the course which our Government has consistently pursued, and none of the projects which have been approved to date or are likely to be approved in the future, have any military significance.

On the other hand, Mr. President, we must bear in mind that Nigeria is the largest nation in so-called black Africa. This huge territory, which became independent in 1960, encompasses an area as large as the entire eastern portion of the United States; it would barely fit into our States east of the Mississippi River. What is more, it has the largest population of any nation in Africa; an estimated 60 million people inhabit its various and diverse regions. Nigeria is a leader in all of Africa. It has enormous resources of men and commodities. Its people have begun to develop the country into a modern industrial giant, and are prepared to accelerate their efforts once peace has been restored.

Given the importance of this nation today, and its surely burgeoning influence in the world of tomorrow, I believe we should do all in our power to support Nigeria's constructive efforts and to encourage a peaceful settlement of the conflict which now divides its troubled people.

THE NECESSITY FOR THE ELIMINATION OF OFFICIAL SECRECY ON OUR ACTIVITIES IN LAOS

Mr. FULBRIGHT. Mr. President, the time has come for this administration to right a wrong policy it inherited from the Kennedy and Johnson administrations. This is also time for the Senate to stand up to its responsibilities to see to it that this correction is made.

The policy I speak of is the official secrecy that has cloaked our activities in Laos.

I know what we are doing in Laos in the Laotian—as against the Vietnam—war. The Symington subcommittee had 4 days of testimony on this subject going into details of our activities that had not heretofore been voluntarily brought to the attention of the Foreign Relations Committee.

I know the numbers involved and the rates at which they have grown.

What we are doing cannot realistically be characterized as anything short of supporting and participating in warfare—activities that to some seem to appear in low profile.

But I suggest this low profile only exists against the bloodied background of Vietnam. Without that war, the activities we have undertaken in Laos would stand out starkly themselves and could not be carried on behind the current cloak of official secrecy.

The policies we have undertaken in Laos should be discussed and debated openly on the Senate floor, and the American people who are being asked to contribute both money and the lives of their sons to this effort should be able to listen, perhaps participate, but at least understand that policy.

Only after the secrecy is dispensed with can we rationally discuss and debate what our role is or should be in that distant country. The secrecy, if permitted to continue, however, will cause increased public mistrust of the Government and its policies and could be used as a precedent to permit a future President to undertake military interventions without reference whatever to Congress or the people.

The distortion this secrecy creates and the problems it causes are best illustrated by President Nixon's response to a question on the subject during his Monday press conference.

Asked "what limits" have been put on what the people "ought to know about the war that is going on in Laos and the American involvement in it," the President, trying to adhere to the awkward secrecy doctrine, provided what must be characterized as a disjointed and therefore misleading response: "As far as I am concerned," the President said, "the people of the United States are entitled to know everything they possibly can with regard to any involvement of the United States abroad."

With that as a premise, however, the President went on, as he put it, to point "out what were the facts."

He began by saying "There are no American combat troops in Laos." Considering the official acknowledgment of "armed reconnaissance" and his own later statement about interdiction of the Ho Chi Minh Trail "as it runs through Laos," the President would have been well advised to say there are no American ground combat troops in Laos.

The President then stated that "our involvement in Laos" stemmed "from the Laos negotiation and accords that were arranged by Governor Harriman during the Kennedy administration. We are attempting to uphold those accords, and we are doing that despite the fact that North Vietnam has 50,000 troops in Laos."

The manner in which "we are attempting to uphold those accords" is in this country under our form of Government the question at issue—and the fact being wrapped in secrecy.

Does the public have the right to know if we are flying 20 missions a month, 20 missions a week, 20 missions a day, 20 missions an hour? Is there a point where the secrecy about the extent of our involvement make a mockery of the powers of Congress, not only to declare war but to control the spending of both money and lives?

President Nixon concluded his remarks on Laos, after acknowledging interdiction of the Ho Chi Minh Trail: "Beyond that, I don't think the public interest would be served by any further discussion."

Thus, the American people, promised they "are entitled to know everything they possibly can" were told only there were no American combat troops in Laos while the North Vietnamese had 50,000; were told our involvement came as a result of our attempt to uphold accords which—though the President did not mention it—call for all 13 signatories to guarantee the neutrality of Laos but contain no proviso for any country—including the United States—to take any military action in Laos in support of the Laotian Government. And to my knowledge, no President has ever sought nor the Congress granted that authority.

The taking of such military action on Presidential authority alone, be it in the air over Laos or on the ground—lacking any specific authorization—creates a situation that, if permitted to continue, could well come back in the future to haunt the Congress and the American people. For if this President—any President—can sustain such a secret policy in Laos, what is to prevent any President from doing the same in Thailand, Korea, or the Middle East?

We may be soothed by the slogan "no more Vietnams." But I say the principle of secrecy in Laos—the undertaking of military action without public acknowledgment and thus public discussion—presents a prospect for the future that should chill those who seek some positive lesson from the debacle that is Vietnam.

Though the President declared he did not think the public interest would be served by any further discussion beyond his minimal statement, I do not believe that should be the final word.

Next week the Senate will have before it the Defense appropriation bill. Within it are the funds that finance not only our aid to the Royal Laotian Government, but also the money for our own military activities in support of that government—activities not directly related to the war in Vietnam.

Will the administration or its supporters in this body be prepared to tell the Senate and the people represented here how much they are being asked to spend in the purely Laotian war during the coming year? Is there a financial limit on what we ourselves will do?

And what about the men who are being sent to fight there—to perform the "armed reconnaissance" and "interdiction" other than of the Ho Chi Minh Trail? What are the wives and mothers of those who never come back to be told?

Mr. President, if I may paraphrase the President's recent speech, the American people are being asked to support a policy in Laos which involves the overriding issues of war and peace, and they have not been given the details—the truth—about that policy.

President Nixon's November 3 words on Vietnam ring hollow on Laos, but I believe the time has come for change. The public interest would, I think, be served by further discussion on this matter—extended discussion if necessary—and with the very money bill before us that finances our Laotian operations, next week would appear to be the appropriate time for such a discussion.

I know my colleagues want to go home for Christmas. But there are issues that have been postponed too long, and we should not limit discussion—or delay a matter as important as this—for in the end we may be unknowingly creating a situation where hundreds of our young men may never get home for this holiday or any other from a war they never knew was occurring and we as their representatives had never authorized.

FOREIGN ASSISTANCE ACT OF 1969

The Senate continued with the consideration of the bill (H.R. 14580) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world to achieve economic development within a framework of democratic economic, social, and political institutions, and for other purposes.

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

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Idaho (Mr. CHURCH) proposes an amendment as follows:

On page 89, after line 12, insert the following:

"Notwithstanding any provision of this Act, the total amount authorized to be appropriated shall not exceed $1,760,700,000."

Mr. FULBRIGHT. Mr. President, will the Senator yield for the suggestion of an absence of a quorum just to have the bells ring?

Mr. CHURCH. I yield. Whose time will the quorum call be charged to?

Mr. FULBRIGHT. It will be charged to my time on the bill.

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

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

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation of 20 minutes on the pending amendment, the time to be equally divided between the Senator from Idaho (Mr. CHURCH) and the Senator from Arkansas (Mr. FULBRIGHT) or whomever he may designate.

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

Who yields time?

Mr. CHURCH. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CHURCH. Mr. President, each Senator will find on his lesk a brief summary of the amendment I have offered and the reasons for which I have offered it.

I see no reason to detain the Senate at any length. The question presented by the amendment is clearcut. Last year, Congress appropriated $1,760,700,000 for economic and military assistance authorized by the Foreign Assistance Act of 1969. This amendment would reduce this year's authorization to the amount appropriated last year. In monetary terms, the amendment would reduce the amount authorized in the pending bill by $206 million.

The reasons for this proposal are as follows:

Congress should not authorize an increase in foreign aid funds this year, when most domestic programs are being cut back either by Congress or by Presidential refusal to spend above the level in his own domestic budget; when our adverse balance of payments will reach the vicinity of a staggering $10 billion; when the war in Vietnam continues at an immense cost; when a virulent inflation has set in which is far from being effectively checked; and when Congress has already asked the President to submit new aid proposals not later than March 31, 1970.

The proposed reduction of $206 million does not single out either economic or military assistance in particular. The reduction would be apportioned among the authorized funds as the President may determine.

The basic effect of this amendment is to put the AID Administration on notice that the program is not to be expanded this year and will be subjected to a thorough and far-reaching review next year.

I call the attention of the Senate to the fact that if this amendment is not adopted, we will reach the end of the legislative process next week with an AID program larger than that for the current year.

I think everyone on the Committee on Foreign Relations recognizes the need for a thoroughgoing reexamination of foreign aid. We expect to commence that investigation with a searching inquiry into the alternatives to the present program early next year. In view of the economic condition facing the country, and in light of the fact that the AID program itself is going to be thoroughly reappraised within the next 2 or 3 months, I think it would be very unwise for the Senate to pass this bill in its present form, with the likely effect of increasing the foreign aid program above the current level. That is the simple purpose of the amendment—to hold the line on foreign aid until we have had the opportunity to do the review that everyone recognizes is necessary.

For that reason, Mr. President, I would hope the Senate would adopt this amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. AIKEN. Mr. President, I yield myself 2 minutes.

If the Senator from Idaho had proposed this cut at the beginning of the fiscal year, it would have carried greater weight with me. But the AID program has been carried on under continuing resolution for what will be the first 6 months of the year. Therefore, any cut would have to be deducted from the last 6 months of operations, which would make it very severe.

The Senator is offering to make our authorization the same amount as the appropriations for last year. However, the House already has cut the appropriations some $200 million, and they have included in the appropriations $100 million to which the Senate objected. So if we should adopt the amendment of the Senator from Idaho, it appears to me that it would in all probability require a very heavy slash for the last 6 months of this fiscal year.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. AIKEN. I yield myself 1 additional minute.

Inasmuch as we are continuing this program for only another 6 months, under the Senate authorization bill, I think we had better let them go through the rest of the year without a slash which would be large enough so that it would be quite embarrassing. I cannot conceive of the Senate Appropriations Committee granting the entire amount authorized by the Senate; and if they did, I certainly cannot see the House Appropriations Committee agreeing with it.

So I would like to see this bill go through as the Senate has already recommended for the remainder of this fiscal year, which soon will be here.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. AIKEN. I yield 1 minute to the Senator from Michigan.

Mr. GRIFFIN. Mr. President, I rise to oppose this amendment and urge the Senate to reject it.

The minimum request for this program made by the Nixon administration already has been reduced by some $600 million, as I understand it, and this proposal would cut it further.

I think we realize that Congress has been very critical of the foreign aid program, and rightfully so. Congress has been seeking to tighten up on it to make sure that the money is well spent, and I think most Members of Congress are in sympathy with that general purpose. But we can go too far—particularly, when we have a new administration and a new administrator of the AID program, who happens to be from my State, Dr. John Hanna, the very able and very competent former president of Michigan State University. He is very anxious and determined to do a good job. I do not think we want to start out by cutting the ground out from under him.

In my humble opinion, I believe that the committee already has cut back too far so far as this authorization bill is concerned, and I hope the Senate will not cut further by adopting the amendment of the Senator from Idaho.

Mr. AIKEN. I yield myself 2 minutes.

Mr. President, inasmuch as the Church amendment does not designate the parts of the program in which the cuts shall be made, I am very fearful that if the administration is required to cut the program, say, 25 percent for the last 6 months of the year, they could not cut supporting assistance, so they tell me, and get the troops out of Vietnam, which they hope to do. I am afraid they would cut out development loans, technical assistance, and those phases we can ill afford to lose. I do not know. That is just the fear I have, because I did not know the Senator from Idaho was going to offer this amendment, and therefore I had no time to contact anyone.

Mr. FULBRIGHT. I yield myself 5 minutes.

Mr. President, I wish to support the amendment of the Senator from Idaho. As a matter of fact, at the time the committee first considered the bill in executive session, I proposed about the same thing. Before going ahead, I consulted with the chairman of the Committee on Appropriations to see how one might proceed with a continuing resolution. I gave some of the reasons for such a resolution in my opening remarks and I shall not reiterate them now.

Such a resolution would have left the administration with the flexibility to apply the amounts as they saw fit, in deference to the remarks of the Senator from Michigan. He is an able man and I am sure we could trust him to use good judgment.

With regard to supporting assistance, I think the Department of Defense has ample funds to bring the troops home if the decision is made to bring them home. I do not see how it would affect that particular point.

The real issue, as I have tried to point out, is that this existing bilateral aid program is obsolete and has run its course. I am perfectly willing to support foreign aid if it is given on a nonpolitical and a multilateral basis.

We just heard a speech by the Senator from New York with regard to how our intervention through the bilateral aid program embarrasses us. We had that situation in the case of Greece and it has happened all over the world.

In the beginning with the Marshall plan, this was not a problem because the Europeans created their own multilateral board. The plan was drawn up to accommodate such a concept. It has been the only successful part of our entire foreign aid effort.

We have misled ourselves, because of the success of that effort, by trying to follow that course throughout the world but on a bilateral basis, and it has not been successful. It has helped to get us entangled in such places as Vietnam, Laos, and Thailand.

Former Secretary of State Rusk once told me that one of the reasons justifying our involvement in Vietnam was the aid program; that the aid bill indicated Congress approved of the climate of intervention in that country. That was one of the first times I realized how far out of line we were getting by permitting such a procedure.

I think the amendment of the Senator from Idaho is a good amendment. It simply holds the aid program in status quo, pending the development of a new program. With all the talk about the Peterson committee and the requirement of the President to report and make recommendations by the end of March, I am quite sure there will be a new program submitted to the Senate. I hope it will have a heavy emphasis on multilateral assistance and a very small bilateral aspect. I am sure there will be some bilateral program; but that should be kept to a minimum.

For these reasons, Mr. President, I support the amendment of the Senator from Idaho.

Mr. CHURCH. Mr. President, I yield 2 minutes to the Senator from Virginia.

The PRESIDING OFFICER. The Chair advises the Senator from Idaho that when these 2 minutes have expired, all of his time will have expired.

Mr. BYRD of Virginia. Mr. President, I concur in the sentiment expressed by the senior Senator from Idaho. I see no justification for increasing the foreign aid program this year. As a matter of fact, I think it should be reduced; but in any case it should not be increased.

I support the amendment offered by the senior Senator from Idaho.

The PRESIDING OFFICER. Who yields time?

Mr. CHURCH. Mr. President, just to sum up, everyone familiar with the program knows that it needs a thoroughgoing overhaul. It may be we will have to develop other alternatives to the present program in the future. Soon we will be examining that question in a proper way. All this amendment seeks to do is hold the present program in status quo. If this amendment is not agreed to, I fear the program will be enlarged, because once the present level of spending authorized by the pending bill is compromised with the higher House authorization, we will have an enlarged program and the appropriations process is not likely to cut it beneath the present level.

However, if we agree to this amendment, we can be relatively assured that the present level will be maintained during the next few months, when the entire subject will be taken up and reviewed by Congress.

In view of the economic conditions facing the country today, this is a prudent amendment. In view of the status of the aid program and its need for revision, this is an amendment completely in line with the responsibility of the Senate in the field of foreign relations.

Mr. President, for these reasons I hope the amendment is agreed to.

Mr. AIKEN. Mr. President, I yield 3 minutes to the Senator from Alabama.

Mr. SPARKMAN. Mr. President, when it was first suggested in our committee that we have a continuing resolution it seemed to me that was probably the easy way out. But then we did have objection. I think undoubtedly the attitude of the House would be against it. I think the Appropriations Committees of both the Senate and the House would be opposed to it.

Then the alternative plan was agreed to by our committee to go through the suggested appropriations, decide on that, and then send simply that part to the conference, and then everything would be in conference. I believe that to be the easier way and a more satisfactory way.

The Senator from Arkansas, my good friend who is the chairman of the committee, knows that I have always supported him in his multilateral propositions, and I will continue to support him. I agree also in the statement that we should review this matter carefully during the next session. I am not at all certain we can do that in the time this continuing resolution would operate. I believe we can come nearer getting a conclusion on the bill before we adjourn than we can hope to do if we decide on a continuing resolution. I think it is a practical thing to do as we reported it from the committee.

For that reason, while I have no great enthusiasm one way or the other, I shall vote against the amendment.

Mr. AIKEN. Mr. President, I yield 2 minutes to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I hope the Senate will not agree to the amendment. I do oppose it, and I oppose it for the simple reason that I believe that any President has to have a reasonably viable foreign assistance program if he is going to be successful in the development of a responsible program with other countries who need this kind of assistance.

What I am saying here is no different from what I have said on the floor of the Senate several times in support of President Kennedy, and later, in support of President Johnson.

It is unthinkable that we would cut this item at this particular time when we need all of this money to carry on these programs. For example, foreign assistance is needed to enable us to help the Vietnamese to get into a position where we can withdraw troops. For these reasons and because I have supported foreign aid programs in the past—not that I have not criticized them—and because this is 1 percent of our total budget, I urge that the amendment be defeated.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the amendment of the Senator from Idaho. On this question the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. CANNON), the Senator from Tennessee (Mr. GORE), the Senator from North Carolina (Mr. JORDAN), the Senator from Louisiana (Mr. LONG), the Senator from Maine (Mr. MUSKIE), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. JORDAN) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Iowa (Mr. MILLER), the Senator from Vermont (Mr. PROUTY), and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Maryland (Mr. MATHIAS) is detained on official business.

On this vote, the Senator from Arizona (Mr. GOLDWATER) is paired with the senator from Iowa (Mr. MILLER). If present and voting, the Senator from Arizona would vote "yea" and the Senator from Iowa would vote "nay." If present and voting the Senator from Illinois (Mr. SMITH) would vote "nay."

The result was announced—yeas 41, nays 43, as follows:

[No. 227 Leg.]

YEAS—41

Allen	Fannin	Metcalf
Bayh	Fulbright	Montoya
Bible	Gravel	Murphy
Burdick	Gurney	Nelson
Byrd, Va.	Hollings	Pearson
Byrd, W. Va.	Hruska	Proxmire
Church	Hughes	Randolph
Cook	Inouye	Russell
Cranston	Jordan, Idaho	Spong
Curtis	Magnuson	Stennis
Dominick	Mansfield	Talmadge
Eastland	McClellan	Williams, Del.
Ellender	McGovern	Young, Ohio
Ervin	McIntyre	

NAYS—43

Aiken	Hansen	Pell
Allott	Harris	Percy
Baker	Hart	Ribicoff
Bennett	Hartke	Saxbe
Boggs	Hatfield	Schweiker
Brooke	Holland	Scott
Case	Jackson	Smith, Maine
Cooper	Javits	Sparkman
Cotton	Kennedy	Stevens
Dodd	McCarthy	Thurmond
Dole	McGee	Tower
Eagleton	Mondale	Williams, N.J.
Fong	Moss	Young, N. Dak.
Goodell	Packwood	
Griffin	Pastore	

NOT VOTING—16

Anderson	Long	Smith, Ill.
Bellmon	Mathias	Symington
Cannon	Miller	Tydings
Goldwater	Mundt	Yarborough
Gore	Muskie	
Jordan, N.C.	Prouty	

So Mr. CHURCH'S amendment was rejected.

Mr. SCOTT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MANSFIELD and Mr. GRIFFIN made a motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The committee amendment in the nature of a substitute is open to further amendment.

If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question now is on the engrossment of the amendment and the third reading of the bill.

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

The bill was read the third time.

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

The question is on passage of the bill.

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to my colleague (Mr. MCCLELLAN).

Mr. MCCLELLAN. Mr. President, I shall be very brief. At the beginning of this program, in 1946, I believe it was, I enthusiastically supported it because I felt there was an obligation on the part of our Government—and, in fact, a great opportunity for us—to make a contribution to rehabilitating those nations that had suffered great devastation during World War II. I enthusiastically supported what was then called the Marshall plan.

I continued to support the program, somewhat reluctantly after 1950, until 1954.

Beginning in 1955, and since that time, I have voted against the authorization bills and the appropriations for this program. I have done so because I felt that the program was fast degenerating into nothing but a giveaway program and that much of the money was being spent in vain, in so far as our professed objectives were concerned, and that we were making a futile attempt to buy friends with the expenditures under this foreign aid program.

I still am of that same opinion. I have not changed my view. And, that purpose has failed. We have in fact lost friends. We have fewer now than we had when this program began.

In 1965, I spoke on the floor of the Senate against the foreign aid appropriation bill. At that time, I urged that this program be stopped and that we start anew, and if there was any merit for expenditures of this kind, that the whole program should be revised. In that address, I said:

Mr. President, I was disappointed that efforts to end the present foreign aid program did not prevail earlier this year when we considered the authorization bill. The American people have been saddled with this burdensome program long enough and it is regrettable that Congress failed to grasp the opportunity offered at that time to impose a deadline on this program and call for a re-examination of objectives that our national self-interest dictates we should pursue in this field.

Since that time many billions of dollars have been expended. If the figures that have been provided me are correct, we have spent a total of $135.5 billion in this program since 1946. Of that amount, $116.805 billion has not been recovered. We will never get this money back. It is gone. In other words, we are out that much money.

That amounts to more than $5.3 billion a year. We certainly have not gotten that much benefit from it. In fact, ever since 1950 we could have well dispensed with the entire program. We would have saved billions of dollars had we done so.

I want to take this occasion to express my appreciation to the Foreign Relations Committee and to express my encouragement in the contents of its report. I read from page 4 thereof:

When all is considered, it is remarkable that the committee has recommended a foreign aid bill at all this year.

I agree, Mr. President.

The fact that it did so is recognition by a majority of the committee members that the program is in the national interest and should be continued until a better alternative is found. However, a substantial minority believes that the program approved goes far beyond that justified, in view of our perilous economic situation, vast social needs, and overcommitment around the world.

I am in wholehearted accord with the minority views. I am encouraged that such a substantial proportion of the members of the Foreign Relations Committee now have that view; and it is my hope that that view, the next time we have before us an authorization bill for foreign aid, will prevail in the committee, and no bill will be reported.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MCCLELLAN. I ask for 1 additional minute.

Mr. FULBRIGHT. I yield the Senator 2 more minutes.

Mr. MCCLELLAN. Mr. President, I ask unanimous consent to have printed in the RECORD, following my remarks, excerpts from my speech before the Senate on foreign aid appropriations in March of 1965.

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

(See exhibit 1.)

Mr. MCCLELLAN. Mr. President, the situation in this foreign aid program continues to worsen. It is worse now than it was in 1965. Foreign aid should have been stopped then. It should be stopped now. I hope this is the last time that there will be presented to this body a measure of this character.

There is still around $5 billion in the pipeline, aside from this authority and aside from what we will appropriate this year. That $5 billion, when expended, should be the end of this futile, giveaway, boondoggling, worldwide program. Mr. President, I shall once again vote against this unwarranted waste of public funds.

EXHIBIT 1

FOREIGN AID APPROPRIATIONS, (H.R. 10871)

(Remarks of Senator JOHN L. MCCLELLAN, in the U.S. Senate)

Mr. President, I shall vote against the pending foreign aid appropriation bill. It represents an extravagant waste of American tax dollars in furtherance of misguided or confused policies. The American people are increasingly opposed to this vast program of waste, and I have been opposed to it since shortly after the end of the Marshall Plan era.

I think most would agree that the aid and assistance furnished under the Marshall Plan to countries devastated by war was a graphic demonstration of America's humanitarian concern for the welfare of the peoples of the world, and certainly was in the best tradition of our concept of democracy in action. I supported it. But that program had guidelines, definite goals, and cooperation by the recipients. It served a worthy purpose and was successful.

Today, more than $100 billion later, we find an aimless foreign aid program floating about in a sea of bewilderment that is at odds with reality. The most tangible, realistic thing about the program is its excessive cost, while its intangible results have been increased involvement with more and more countries, growing resentment by the recipients of our aid, and deepening concern over the direction in which this drifting program is taking the United States.

Since fiscal year 1946, the United States has been engaged in an outpouring of American tax dollars at alarming proportions under the guise or foreign aid. Some 110 countries and territories of the world have been served by it. Today, anyone would be hard-pressed to demonstrate any concrete, constructive results achieved during the past few years as a consequence of this folly.

In the post-World War II period, the public debt of this Nation has risen by almost $50 billion. This means that we have been borrowing money to finance this foreign aid program.

The Russians have said that they will bury us. The only way we will be buried is to bury ourselves by the simple expedient of continuing deficit spending that will be followed by inflation and economic chaos.

The best hope for the free world in the long run is a strong America—strong both militarily and economically. All too often we rely only on our military might and tend to forget the vital importance of maintaining a strong economy and sound fiscal policies. In fact, it has become fashionable and sophisticated to think only in terms of deficit spending and larger indebtedness.

Many feel—and our Government is now proceeding on the theory—that in relation to the rise in the gross national product, an increase in the national debt of $4 or $5 billion annually is of no consequence; that this excessive spending is a healthy stimulant; that large annual deficits create no inflationary pressures.

Mr. President, with that premise, I do not agree. Heavy habitual deficit spending cannot possibly continue indefinitely without detrimental effects. This, coupled with the critical balance of payments deficit and related factors, could cause serious trouble, and I believe will do so, if not remedied.

The deficit for the fiscal year 1965 was $3.474 billion, and our debt limit now stands at $329 billion. I suggest that one means of reducing the deficit of $3.474 billion would have been to eliminate the foreign aid program—or at least a portion of it.

The pending bill seeks appropriations of $3.907 billion for foreign assistance but the agriculture appropriations request includes $1.658 billion for the food-for-peace program so we are dealing with total foreign aid expenditures of more than $5.5 billion. . . .

Mr. President, I was disappointed that efforts to end the present foreign aid program did not prevail earlier this year when we considered the authorization bill. The American people have been saddled with this burdensome program long enough and it is regrettable that Congress failed to grasp the op-

portunity offered at that time to impose a deadline on this program and call for a reexamination of objectives that our national self-interest dictates we should pursue in this field.

We have given repeated expressions of this Nation's humanitarian concern for the welfare of the peoples of the world, but in so doing, I wonder if we have not lost sight of the reason why we took the initiative in offering foreign aid following World War II. Was it not then our purpose to rebuild countries torn asunder by war—was it not to resurrect suffering economies—and was not this latter goal tied explicitly to our own self-interest in promoting world markets? But how is the interest of America served under today's program? Surely America's welfare and future destiny are not dependent upon our perpetuating this useless and fruitless policy of indiscriminate foreign aid spending.

If this Nation has something to contribute to mankind—as I am convinced that it does—then it must surely be something a bit grander than mere benevolence. The greatest gift that this country can ever hope to offer other nations of the world is the simple notion of self-government—the simple notion of individual freedom—and the simple principles of the free enterprise system. And, Mr. President, these are precious commodities that gold alone cannot buy. Nor are they exportable in instant form. For these simple notions to take root and flourish they must fall on receptive soils. Therein, I think, lies the fault with much of our previous efforts with foreign aid. We have sought to sow before the grounds were prepared—and in many instances before the fields were even cleared. We tend to forget, or overlook, that what this great country achieved in just a few short years has not been equaled by other countries boasting civilizations extending back centuries before America was discovered. The significant technological advances made in our space program are ample evidence of the fact that we are able on occasion to "leapfrog" as it were in attaining even more advanced and sophisticated levels. But I think we err when we think we can apply this leapfrogging technique to the developing nations of the world by simply giving them money.

And how will the future historians assay the role our foreign aid program played in the bitter struggle between India and Pakistan? Two neighboring nations have been locked in combat, using American supplied weapons and money furnished under the guise of foreign aid testify to the crying need for a reappraisal of this program. At the moment a cease-fire agreement is in effect, but at most it is fragile and insecure.

Billions of dollars and untold weapons of war have been poured into both countries. Almost $8 billion in economic aid alone has been dumped into these countries since World War II. [$5.2 billion for India and $2.6 billion for Pakistan]. And to what end? Certainly not so that they could afford to fight like spoiled children. A nation with the resources of America should exercise the greatest possible caution and prudence in any program to share its bounty with the less fortunate countries of the world.

The combatants in that struggle cannot afford the burdensome toll that war exacts. And, one wonders if that conflagration would have flared and spread without the aid furnished by us. But this much we can foresee, that regardless of the outcome, more raids will be made on America's treasury.

Americans seem increasingly to be geared to a credit-card way of life, but I seriously doubt America's capacity—great as it is—can long honor credit cards for all the nations of the world.

Mr. President, we have all read of the waste and inefficiency associated with the foreign aid program so much over the years that we tend to accept it—waste—as inevitable. However, this year, no less authority than the General Accounting Office, the auditing agency for the Congress, indicted the program by saying that there is more waste in the foreign aid agency than in any other civilian agency in the Government. Testifying before the Senate Foreign Relations Committee, the Comptroller General, Mr. Campbell, said: ". . . the aid program is in a class by itself with respect to waste."

And in this instance he wasn't referring to the shipment of TV sets for jungle villages with no electric power, or to shipment of "royal bee" sex rejuvenator for Nationalist China. The Comptroller General was speaking in terms of waste on a much larger scale. For example, the Comptroller pointed out that the Agency for International Development, the bureau handling the foreign aid program, unnecessarily spent almost $4 million to finance goods produced in one aid-receiving country for shipment to other aid-receiving countries, even though such purchases could have been made with U.C.-owned foreign currencies in those countries rather than with dollars.

Also, some $7 million in interest was lost in the Republic of China in a two-year period because someone neglected to get an agreement whereby the Chinese government should pay interest on the large holdings of U.S.-owned foreign currency in that country.

The Comptroller reported that the Turkish bituminous coal industry continued to suffer from inefficient operations despite U.S. dollar and foreign currency aid of at least $68 million. In addition, about $18 million had been provided to three enterprises for the procurement and erection of facilities (grain storage facilities, meat-packing plants, and a coal-drying plant) which were barely used, although they had been completed for 2 or more years.

The assistance furnished had contributed little toward improving operations of the enterprises.

Also, the General Accounting Office reported that about $54 million in grant-in-aid assistance for development projects in the Philippines had been furnished which substantially exceeded Philippine capabilities to effectively absorb, maintain, and utilize with the limited country funds allocated for this purpose. As a result, the projects, involving highways, dredges, piers and wells, had not achieved the economic development benefits that could have been reasonably expected had adequate levels of support been made available by the Philippine Government.

Added to these wasteful examples are, of course, the oft-repeated incidents of providing countries with equipment far too sophisticated for adaptation and use by the recipient, and the many failures to get firm commitments from recipient countries whereby proper maintenance and use will be made of equipment and/or facilities furnished with American dollars.

* * * * *

These problems are bad enough, but they reflect primarily on the administration of this program. Another area that to me is intolerable reflects primarily on the policy of the foreign aid program. And that intolerable situation is where American property has been attacked, burned and destroyed in the very countries receiving our aid. In Pakistan just this week a mob of several thousand attacked our embassy in Karachi and burned a U.S.I.S. library. And other anti-American demonstrations occurred in Lahore and Dacca. . . .

We seem to have engendered a widely held view that this country owes an obligation to aid every less developed country in the world and we certainly are not helping to dispel this misconception by tolerating continued abuses of our personnel and property abroad.

Earlier this year a tabulation of such incidents printed in the Congressional Record listed 51 occurrences of this nature between July 1962 and December 1964. We are all familiar with these insufferable abuses, Mr. President, and yet we continue to tolerate them. . . .

Consider the situation with Nasser of Egypt who says we can take our aid and jump in the lake, and yet we give him more. Or Sukarno of Indonesia who says he doesn't need our foreign aid and then he confiscates our rubber plantations and libraries. Each of these countries has received U.S. aid amounting to nearly $1 billion since World War II.

And what of France, a country owing us billions in war debts, while General de Gaulle seeks to embarrass the United States by making repeated calls on our gold reserves.

We provide no direct aid to France now, but it would appear that the unprecedented—nearly $10 billion—we have extended to France over the years since 1946 has gone for naught so far as General de Gaulle's gratitude is concerned. Perhaps we should require that France repay her World War I debts of $6.5 billion in gold. Certainly this would be in keeping with De Gaulle's principles, and his peculiar passion for gold.

Burned American libraries and smashed embassy windows stand as stark reminders that the billions of dollars this Nation has contributed are not enough to buy friendship. Indeed, they furnish ample evidence that dollar diplomacy has never and will never prove a successful substitute for establishing and maintaining, on the basis of justice and reciprocal respect, effective international relations.

This country—the wealthiest nation the world has ever known—is still not so abundantly rich that it can rely solely on the dollar to promote and protect our interests and position abroad.

Moreover, Mr. President, I am deeply concerned over the deleterious impact that the continuing foreign aid program has on our balance-of-payments deficit.

Members are well aware of this situation, and will recall that only a short time ago Congress was asked to enact the gold cover bill in order to afford time for the administration to take steps to reduce the continuing U.S. balance-of-payments deficit. I have long been a critic of policies which contributed greatly to the predicament this deficit has presented, particularly in the area of foreign aid. However, I supported the gold cover legislation on the basis of the President's assurances of taking affirmative action to reduce and eliminate this deficit by taking advantage of the opportunity afforded by that measure.

And the result today is not altogether reassuring in that regard, Mr. President. I realize that it is perhaps still too early to expect any significant or sustained reversal of the trend that gave rise to this problem, but it is a serious matter and we should not lose sight of the consequences it may bring. The United States has had 14 balance-of-payments deficits in the past 15 years, totaling $35 billion, and we cannot afford to relax our efforts to arrest and reverse this trend.

And I think it is clear, Mr. President, that foreign aid will continue to adversely affect our balance-of-payments position.

In this connection we might do well to heed the warnings recently issued by Federal Reserve Chairman William McC. Martin on the similarities of the conditions today with those of the 1920 era. At that time, just as now, he said, Britain and the United States were both in balance-of-payments difficulties and France decided to convert its payments' surplus into gold.

We need to bear this in mind as we consider the pending foreign aid bill, Mr. President. And we need improvement in the clarity and meaningfulness of our policies to the end that confusion will be eliminated and misunderstandings will be avoided. We should endeavor to provide a more positive leadership, defining our purpose and objec-

tives in language that will hardly permit misinterpretation and in terms that neither friend nor foe should misunderstand.

Mr. President, if we were to shut off any further assistance this very minute we would still find the foreign aid pipeline clogged with many unspent billions of American dollars—approximately $5,000,000,000 now. I think that it is time to turn off the spigot and clear the pipeline, and then chart a clear course before we dare set sail again on the expensive expanse of the foreign aid sea.

Let us not pave the road to economic chaos with ill-conceived programs contrived and peddled with the zeal of a missionary. If we are to remain in this foreign aid business—and this now seems as certain as death and taxes—then let's be a bit more hard-headed in our transactions and promote the formula that made America great . . . a formula of self-help, self-reliance and self-interest.

The PRESIDING OFFICER. Who yields time?

Mr. FULBRIGHT. I yield the Senator from Virginia 5 minutes.

Mr. BYRD of Virginia. Mr. President, I shall vote against the foreign aid authorization bill.

I see no justification for increasing this program, as the proposed legislation would do. We should be reducing Federal expenditures for nonessential programs.

During the past 23 years, more than $122 billion has been spent on foreign aid; and in addition to that, $60 billion in interest has been paid by the American taxpayer.

It seems to me this foreign aid program is outmoded.

It needs to be modernized if it is to be continued. I agree with the senior Senator from Arkansas that the program should be stopped and, if we are to have a foreign aid program, it should be revised, revitalized, and modernized.

Therefore, Mr. President, I shall vote in the negative when the roll is called on the foreign aid authorization.

Mr. FULBRIGHT. Mr. President, I yield 2 minutes to the Senator from Idaho.

Mr. CHURCH. Mr. President, I speak this afternoon as one who has customarily supported the foreign aid program in the past. I believe in the principle of giving assistance to less fortunate peoples. I believe that the United States, within its means, has an obligation to make a contribution to the underdeveloped countries of the world. So it is with reluctance that I shall cast my vote against the foreign aid bill this year.

I do so because the bill has been so changed, with the passing years, that it no longer represents an aid program at all. Early next year, when I have an opportunity to address the Senate on this subject in a more detailed, considered, and contemplative way, I shall attempt to illustrate why this is no longer an aid program in any true sense of the word. Suffice it to say today that we have reached the point where, in the fiscal year last concluded, $193 million more came back into the United States, through the foreign aid program, than left the county in aid of foreign governments. When the program reaches that point, it is no longer an aid program to foreign countries; it is rather, if anything, an aid program to ourselves. By tying American loans to the purchase of American goods and services, this has become simply an elaborate Government subsidy to procure goods and services in this country for use abroad.

As such, it merely adds to the totality of public expenditures at a time when inflationary pressures really impose an obligation upon Congress to cut back on such spending.

As I say, Mr. President, I hope to make a detailed, factual, and carefully considered argument against the foreign aid program, as it is presently constituted and administered, when time permits, but until that time comes, this brief explanation will have to do. I shall vote against the bill on final passage.

Mr. PERCY. Mr. President, today there are 3½ billion people inhabiting this planet. This is half a billion more than there were only 10 years ago and only half the number there will be by the year 2000 if the current trend in population growth continues.

By the end of this century, then, there will be 7 billion people to share in the resources found here on earth. It is no wonder that in his message on population growth to the Congress the President said:

One of the most serious challenges to human destiny in the last third of this century will be the growth of the population.

While a growing population presents serious problems in already developed nations such as our own, it is a particularly grave challenge to those countries which are still underdeveloped. In these countries, the benefits of economic and social development can be greatly endangered or totally negated by too rapid a population growth. Agricultural progress will not meet the nutritional needs of the people. Industrial advancement will not raise the standard of living. Educational facilities will not meet the aspirations of their youth.

It is, therefore, imperative that adequate, effective family planning programs be initiated in these countries. The North Atlantic Assembly recognized this need when its members adopted a resolution I submitted on population growth. By unnanimously approving this resolution, the assembly recommended that "all countries give the highest priority to programmes of population control in order that per capita living standards can be raised and that developed nations assign a high priority to family planning within their own foreign aid programs to the developing nations."

The members of the Foreign Relations Committee have also recognized the importance of population planning programs for social development by increasing the authorization for such programs to $100 million. I had urged that this amount be allocated and commend the members for their action.

I feel that we can still do more to provide incentives to nations to undertake family planning programs. For example, we can provide that 5 percent of the total AID funds allocated to each country will be earmarked for the implementation of such programs. Any country not wishing to utilize the full 5 percent would receive only that proportion of the funds it felt could be expended. The remainder would be distributed through regional or international programs as additions to their funds.

Senators BROOKE, GRAVEL, MCGOVERN, MAGNUSON, METCALF, NELSON, and PACKWOOD have joined me in an amendment to the Foreign Aid Act which would make this provision. Because of considerations of time and policy, I will not call up this amendment this session. I would, however, hope that it would be given consideration during the next session.

Mr. BYRD of West Virginia. Mr. President, I shall vote against the foreign aid bill, H.R. 14580.

The amount approved by the committee is $21,750,000 more than it recommended last year and $195,200,000 more than the Congress appropriated for fiscal year 1969.

It is true that the total amount which the bill carries, $1,967,650,000, is less than the administration's request of $2,630,400,000. But the amount which the bill authorizes is still excessive, in my judgment.

Mr. President, I believe that we must be guided in this matter by what is best for the United States of America here at home, not by what may be thought merely desirable for some nation half way around the globe—a nation that may even hold us in contempt.

The realities of the world situation indicate to me that the principle of foreign aid—which may have been valid at one time—is increasingly becoming an exercise in futility.

It is becoming more and more difficult to produce tangible evidence that the best interests of our own country are, in fact, being served by these large expenditures which we have been making over the years.

Mr. President, a poll conducted by one of the leading radio news networks in the last few weeks shows that the greatest concern of the American people is for the money which the Federal Government spends unwisely or wastefully. I doubt very seriously that, if the question of foreign aid could be referred to the people themselves, a favorable vote could be obtained.

The primary duty of this Government is to its own people. The Federal taxes which it collects are too high. Inflation continues to take its toll. Where better can spending be cut and money saved than in this unnecessary largesse squandered upon those who do not have our interests at heart?

I have long opposed the questionable and inefficient programs which masquerade under the guise of foreign aid, and I oppose such programs ever more strongly now.

We have given money to too many countries, and we have given it for too many years. Instead of the proponents' familiar cry of "too little and too late," I believe that the United States has given too much for too long.

Mr. President, the committee report, No. 91–603, which accompanies H.R. 14580, acknowledges that disenchantment with the foreign aid program has grown, even among members of the com-

mittee, in recent years. Let me quote from page 3 of the report, verbatim, the portion under the heading "Committee Comments":

COMMITTEE COMMENTS

For the last several years, the dissatisfaction of most committee members with the foreign aid program has increased. Two years ago, the committee's report on the foreign aid bill stated:

"Many members felt that there was inadequate justification for continuing foreign aid at approximately the same level as the last fiscal year in view of mounting war costs and the Government's worsening fiscal situation. Others believed that drastic changes were needed in the foreign aid program, and that it had been oversold as a cure-all, both at home and abroad. Some viewed the aid program as tending to involve the United States unnecessarily in the political and social affairs of other countries, making it more likely that the United States would in the future find itself involved in more Vietnams. Perhaps the most common attitude among members was the feeling that foreign aid policy has not kept pace with a changing world and that all too often dollars were applied in an attempt to serve as a substitute for sound policies."

Since that time the committee's skepticism has deepened. The initial focus this year in the committee discussion of foreign aid was not on the size or makeup of an aid bill, but on whether there should be an aid bill at all.

I see no reason, Mr. President, to cling to a program that has become ineffective. There is no logic in throwing good money after bad.

If 2 years ago members of the committee felt that "all too often dollars were applied in an attempt to serve as a substitute for sound policies," it is little more than wishful thinking to imagine that this situation has improved of itself in the interim.

Sound government, Mr. President, realistic government, demands that we have the courage to discontinue programs which no longer do what they are supposed to do and which have long since outlived their usefulness.

Foreign aid falls in this class, in my judgment, and I shall vote against this bill. There are undoubtedly some countries which we, in our own interests, should aid, and if we would confine our aid only to those countries, I would vote for the bill, but we have promiscuously squandered too many dollars in too many countries for too long. So it is time to stop.

We are faced with having to vote for the bill in its entirety or against it. Consequently, I shall vote against the foreign aid bill today as I have for the past several years.

Mr. FULBRIGHT. Mr. President, I am prepared to yield back the remainder of my time.

Mr. AIKEN. I yield back the remainder of the time in opposition.

The PRESIDING OFFICER. All time having been yielded back, the question is, Shall the bill pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. CANNON), the Senator from Tennessee (Mr. GORE), the Senator from North Carolina (Mr. JORDAN), the Senator from Louisiana (Mr. LONG), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. MUSKIE), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. JORDAN) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Vermont (Mr. PROUTY) and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Maryland (Mr. MATHIAS) and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

If present and voting, the Senator from Maryland (Mr. MATHIAS) would vote "yea."

On this vote, the Senator from Illinois (Mr. SMITH) is paired with the Senator from Arizona (Mr. GOLDWATER). If present and voting, the Senator from Illinois would vote 'yea," and the Senator from Arizona would vote "nay."

The result was announced—yeas 52, nays 31, as follows:

[No. 228 Leg.]

YEAS—52

Aiken	Hart	Pastore
Allott	Hatfield	Pearson
Baker	Holland	Pell
Bayh	Hughes	Percy
Bennett	Inouye	Proxmire
Boggs	Jackson	Randolph
Brooke	Javits	Ribicoff
Case	Kennedy	Saxbe
Cooper	Magnuson	Schweiker
Cotton	McCarthy	Scott
Cranston	McGee	Smith, Maine
Dodd	McIntyre	Sparkman
Dominick	Metcalf	Spong
Eagleton	Miller	Tower
Fong	Mondale	Williams, N.J.
Goodell	Moss	Young, Ohio
Griffin	Nelson	
Harris	Packwood	

NAYS—31

Allen	Ervin	McClellan
Bible	Fannin	Montoya
Burdick	Fulbright	Murphy
Byrd, Va.	Gravel	Russell
Byrd, W. Va.	Gurney	Stennis
Church	Hansen	Stevens
Cook	Hartke	Talmadge
Curtis	Hollings	Thurmond
Dole	Hruska	Williams, Del.
Eastland	Jordan, Idaho	
Ellender	Mansfield	

NOT VOTING—17

Anderson	Long	Smith, Ill.
Bellmon	Mathias	Symington
Cannon	McGovern	Tydings
Goldwater	Mundt	Yarborough
Gore	Muskie	Young, N. Dak.
Jordan, N.C.	Prouty	

So the bill (H.R. 14580) was passed.

Mr. FULBRIGHT. Mr. President, I move that the Senate insist on its amendment and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officed appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. CHURCH, Mr. AIKEN, and Mr. CASE conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendment to H.R. 14580.

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

Mr. MANSFIELD. Mr. President, the Senator from Arkansas (Mr. FULBRIGHT) is again to be commended for his highly capable handling of the foreign aid authorization measure. Both in committee and on the floor today, he applied the same high degree of ability and competence that have characterized all of his many years of public service. As always, the Senate welcomed his thorough and articulate explanation of all the many facets of our foreign aid program. He is to be commended.

Joining Senator FULBRIGHT in presenting this measure to the Senate was the able and distinguished senior Senator from Vermont (Mr. AIKEN), the ranking minority member of the Committee on Foreign Relations. His splendid cooperation and outstanding contribution assured the swift and efficient disposition of the measure.

Noteworthy also were the contributions of the Senator from Maine (Mr. MUSKIE), the Senator from Idaho (Mr. CHURCH), and the Senator from New York (Mr. JAVITS). Their views and the amendments they offered provided the impetus for a far-reaching and high-level discussion of this Nation's position in world affairs. To them, to the Senator from Connecticut (Mr. DODD), and to the many others who joined the debate, goes our deepest gratitude. I wish to thank the Senate as a whole for joining to assure the expeditious handling of this measure with full regard for the views of each Member.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2864) to amend and extend laws relating to housing and urban development, and for other purposes.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 210) to eliminate requirements for disclosure of construction details on passenger vessels meeting prescribed safety standards, and for other purposes.

The message further announced that the House had agreed to the amendment of the Senate to the joint resolution (H.J. Res. 10) authorizing the President to proclaim the second week of March 1970, as Volunteers of America Week.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 14916) making appropriations for the government of the District of Columbia and

other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1970, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. NATCHER, Mr. GIAIMO, Mr. PATTEN, Mr. PRYOR of Arkansas, Mr. MAHON, Mr. DAVIS of Wisconsin, Mr. RIEGLE, Mr. WYATT, and Mr. Bow were appointed managers on the part of the House at the conference.

AUTHORIZATION FOR PRINTING OF MANUSCRIPT AS A SENATE DOCUMENT

Mr. ERVIN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on Senate Concurrent Resolution 44.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the concurrent resolution (S. Con. Res. 44) to authorize printing of manuscript entitled "Separation of Powers and the Independent Agencies: Cases and Selected Readings," as a Senate document, which was to strike out lines 8 through 11, inclusive, and insert:

SEC. 2. There shall be printed six thousand additional copies of the document authorized by Section 1 of this concurrent resolution of which one thousand shall be for the use of the Senate Committee on the Judiciary, and five thousand shall be for the use of the House of Representatives.

Mr. ERVIN. Mr. President, the concurrent resolution was passed by the Senate some time ago. It permitted the printing of a certain document as a public document and provided that there be 1,000 copies for the Senate. The House amended the concurrent resolution so as to provide an additional 5,000 copies for the House.

Mr. President, I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PUBLIC HEALTH CIGARETTE SMOKING ACT OF 1969

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 561, H.R. 6543.

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

The BILL CLERK. A bill (H.R. 6543) to extend public health protection with respect to cigarette smoking, and for other purposes.

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

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Commerce with amendments, on page 3, line 19, after the word "Island." insert "The term 'State' includes any political division of any State."; on page 4, line 10, after the word "Warning:", strike out "The Surgeon General Has Determined That" and insert "Excessive"; in line 12, after the word "Health", strike out "and May Cause Lung Cancer or Other Diseases.'"; in line 22, after "(b)", strike out "No statement relating to smoking and health shall be required in the advertising of any cigarettes the packages of which are labeled in conformity with the provisions of this Act.", and insert "No other requirement or prohibition based on smoking and health shall be imposed by any State statute or regulation with respect to the advertising or promotion of any cigarettes the packages of which are labeled in conformity with the provisions of this Act.".

On page 5, after line 4, strike out:

"(c) Except as is otherwise provided in subsections (a) and (b), nothing in this Act shall be construed to limit, restrict, expand, or otherwise affect, the authority of the Federal Trade Commission with respect to unfair or deceptive acts or practices in the advertising of cigarettes, nor to affirm or deny the Federal Trade Commission's holding that it has the authority to issue trade regulation rules or to require an affirmative statement in any cigarette advertisement.

"(d) (1) The Secretary of Health, Education, and Welfare shall transmit a report to the Congress not later than eighteen months after the effective date of this Act, and annually thereafter, concerning (A) current information on the health consequences of smoking and (B) such recommendations for legislation as he may deem appropriate.

"(2) The Federal Trade Commission shall transmit a report to the Congress not later than eighteen months after the effective date of this Act, and annually thereafter, concerning (A) the effectiveness of cigarette labeling (B) current practices and methods of cigarette advertising and promotion, and (C) such recommendations for legislation as it may deem appropriate.

On page 6, after line 2, insert a new section, as follows:

"UNLAWFUL ADVERTISEMENTS

"SEC. 6. It shall be unlawful to advertise cigarettes on any medium of electronic communication subject to the jurisdiction of the Federal Communications Commission on or after January 1, 1971.

After line 7, insert a new section, as follows:

"FEDERAL TRADE COMMISSION

"SEC. 7. (a) The Federal Trade Commission, having notified the Congress of its intention to suspend its pending proposed trade regulation rule relating to cigarette advertising, shall continue such suspension in effect for eighteen months after the cessation of broadcast advertising of cigarettes, and the Commission shall thereafter notify the Congress of any proceeding to renew or to initiate any trade regulation rule it may hereafter determine upon relating to the advertising of cigarettes, and shall include a full statement of the reasons for any proposed action which the Federal Trade Commission desires to renew or to initiate.

"(b) Except as provided in subsection (a) nothing in this Act shall be construed to limit, restrict, expand, or otherwise affect the authority of the Federal Trade Commission with respect to unfair or deceptive acts or practices in the advertising of cigarettes, nor to affirm or deny the Federal Trade Commission's holding that it has the authority to issue trade regulation rules or to require an affirmative statement in any cigarette advertisement, including the tar and nicotine content.

On page 7, after line 3, insert a new section, as follows:

"REPORTS

"SEC. 8. (a) The Secretary of Health, Education, and Welfare shall transmit a report to the Congress not later than January 1, 1971, and annually thereafter, concerning (A) current information in the health consequences of smoking, and (B) such recommendations for legislation as he may deem appropriate.

"(b) The Federal Trade Commission shall transmit a report to the Congress not later than January 1, 1971, and annually thereafter, concerning (A) the effectiveness of cigarette labeling, (B) current practices and methods of cigarette advertising and promotion, and (C) such recommendations for legislation as it may deem appropriate.

At the beginning of line 18, change the section number from "6" to "9"; at the beginning of line 22, change the section number from "7" to "10"; on page 8, at the beginning of line 4, change the section number from "8" to "11"; at the beginning of line 14, change the section number from "9" to "12"; after line 18, strike out:

"TERMINATION OF PROVISIONS AFFECTING REGULATIONS OF ADVERTISING

"SEC. 10. The provisions of this Act which affect the regulation of advertising shall terminate on July 1, 1975, but such termination shall not be construed as limiting, expending, or otherwise affecting the jurisdiction or authority which the Federal Trade Commission or any other Federal agency had prior to the date of enactment of this Act."

And on page 9, after line 2, strike out:

SEC. 3. The amendments made by this Act shall take effect on July 1, 1969.

And, in lieu thereof, insert:

EFFECTIVE DATE

SEC. 3. Section 5 of the amendment made by this Act shall take effect as of July 1, 1969. All other provisions of the amendment made by this Act shall take effect on January 1, 1970.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, if I had thought that the bill which I have just called up would take any great length of time, I would not have called it up. And if it does take any great length of time, it will be my intention to lay it aside.

The bill is of great importance. After having cleared the matter with all interested parties, I am about to propound a unanimous-consent request.

Mr. President, I ask unanimous consent that upon the conclusion of the opening remarks of the Senator from Utah (Mr. Moss)—which I understand will not exceed 15 minutes—there be a time limitation on each amendment of 40 minutes, equally divided between the Senator from Utah (Mr. Moss) and the Senator from New Hampshire (Mr. COTTON) or whomever they may designate, provided that there shall be an additional 30 minutes on any amendment to an amendment, the time to be equally divided between the sponsor of the amendment and the manager of the bill.

The PRESIDING OFFICER (Mr. GRAVEL in the chair). Is there objection?

Mr. MOSS. Mr. President, reserving the right to object, I do not want to be——

The PRESIDING OFFICER. The Senate will be in order.

Mr. MOSS. I do not wish to mislead the Senate in any way. My opening remarks will take more than 15 minutes.

Mr. MANSFIELD. Could the Senator tell us how long it will take? If we would

be here too late, it would be my intention to go on to other business. This was done in good faith, and the information brought back to me was that the Senator was going to speak for not to exceed 15 minutes.

Mr. MOSS. I insisted 3 times that it would take longer than 15 minutes.

Mr. MANSFIELD. If it will take too long, I think we ought to put it off. It is getting a little late, and in that event it would be foolish to bring it up at this time.

Mr. MOSS. My remarks will take probably 40 minutes.

Mr. SCOTT. I would hope that other matters could be brought up, in that case.

Mr. MAGNUSON. If the Senator from Utah feels that he needs 40 minutes, he has done a great deal of hard work——

Mr. MANSFIELD. I know. I am thinking of the other Senators.

Mr. MAGNUSON. In view of that, I doubt that, with three amendments, we could finish this matter tonight, unless we stay until 8 or 9 o'clock.

Mr. MANSFIELD. That is a little too late, even for me.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. MOSS. It is my estimate that two of those amendments will be very short. As a matter of fact, the discussion that has gone on leads me to believe that neither one will take very long. The third one might take the length of time that has been requested.

Mr. PASTORE. Mr. President, reserving the right to object, it is now 5 o'clock. If it is going to take 40 minutes, 40 minutes usually means almost an hour. Then we are going to have a prolonged amendment, and we have two other amendments.

We should make up our minds that we will be here until 9 o'clock to finish this matter; and if we are not going to stay here until 9 o'clock, there is no reason to start it. We will be held up from 5 until 8 o'clock without any result at all. I think we ought to resolve it now. If it is going to go beyond 8 o'clock and we are not going to stay to finish it, I think we ought to resolve it now.

Mr. MANSFIELD. I renew my request, because I think all those involved, who are aware of the circumstances, will react accordingly.

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

Mr. MANSFIELD. I hope we will finish long before 8 o'clock.

Mr. MOSS. I hope so, too.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. MOSS. Mr. President, I ask unanimous consent that all committee amendments be agreed to en bloc and that the bill, as amended, be treated as original text for the purpose of further amendments.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object——

Mr. MANSFIELD. Mr. President, if the Senator will yield briefly, may I say that the purpose of bringing this matter up tonight is to avoid a meeting tomorrow.

Mr. BAKER. Mr. President, reserving the right to object—and I do not think I will object—I did not hear the unanimous consent request.

Mr. MOSS. It is a request that all the committee amendments be considered en bloc and be considered original text that may be amended then. In other words, this puts the committee bill before us as though it were the original text.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Reserving the right to object, Mr. President——

Mr. COTTON. Mr. President, the purpose of the request is not clear to me. A bill has been reported. We know that there are at least three amendments to be offered—probably four. What is the Senator's request? How does it change that?

Mr. MOSS. A bill came to the Senate from the House. The committee amended the House bill. I have asked unanimous consent that the bill, as we amended it in committee, be considered original text, and that we then may propose amendments to it as though it were original text.

Mr. COTTON. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. COTTON. If this unanimous-consent request is agreed to, will it affect the standing of amendments that are subsequently offered, as to whether they are in the first or second degree, and whether substitutes can be offered?

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that it would have some effect but the amendments that the Senator from New Hampshire is concerned with would be in order.

Mr. COTTON. I intend to offer my amendment (No. 419) as a substitute. It is likely that others will want to amend the substitute. If this unanimous-consent request is agreed to, would it preclude that?

The PRESIDING OFFICER. No; it would not. The Senator still could do it.

Mr. MOSS. As a matter of fact, it is to avoid that problem that I made the request.

Mr. ERVIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ERVIN. As I understand, if the unanimous-consent request made by the Senator from Utah is agreed to, it means that the bill as it came from the House and as it was amended by the Senate committee becomes the bill for the purpose of further amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. ERVIN. In other words, the unanimous-consent request, if agreed to, would be equivalent to the Senate adopting the committee amendments to the bill.

The PRESIDING OFFICER. The Senator is correct.

Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

Mr. MOSS. Mr. President, we have before us a piece of proposed legislation which could have far-reaching effects on the health and well-being of the American people—the Public Health Cigarette Smoking Act of 1969. When I say this, I am not being a wild-eyed dreamer. I am looking at this problem from the most practical standpoint—the tremendous cost of a ridiculous and unnecessary habit in terms of dollars and cents, services lost to business and industry, lives lost forever.

Our Nation today is faced with soaring hospital costs; our medical care facilities are coming to the point where they will not be able to care for the growing number of chronically ill people; there are not enough funds to provide intensive care units for emphysema and heart disease patients; millions are being paid from social security funds to aid relatively young and still productive people who are unable to use those skills because they are disabled by chronic respiratory disease and heart conditions.

As we consider this legislation, I ask Senators to think of how much of this medical expense could be avoided, how many lives could be saved, how many careers extended by the very simplest act—giving up smoking.

It is easy for me, a nonsmoker, to stand here and say this. But I know many people cannot give up smoking easily. They have had the habit too long; and they are reinforced in this habit by a continuous barrage of slick advertising which depicts the cigarette as an innocuous partner in a charming social setting.

I say that we cannot stand by and do nothing for these people. We, as public representatives have an obligation to the 50 million people who now smoke cigarettes, the untold millions of potential smokers, and their families who will bear the grief and medical cost of death and disability resulting from smoking. We have an obligation to protect them from clever and appealing lures to adopt or continue this most serious health hazard.

The tobacco industry tries to tell us that the case against cigarette smoking has not been proved. Yet, four technical reports from the Public Health Service, based on reviews of tens of thousands of research studies, tell us the opposite. I am sure we can all remember vividly that day in January 1964 when Dr. Terry revealed the findings of the first smoking and health report. The Nation was momentarily shocked at the news: to wit, cigarette smokers, taken together, have a 70 percent higher death rate than nonsmokers; they have a 70 percent higher death rate from coronary heart disease; a 500 percent higher death rate from bronchitis and emphysema; and a 1,000 percent higher death rate from lung cancer. The three medical reports which have followed have produced evidence which strengthens the enormity of the indictment against cigarette smoking.

These are raw statistics. Let us take a moment to look at this picture from the human angle—what it means to the men and women of the country.

CHART 1—DEATH RATES—MALES 45–64

Men in their midde years—their most productive years—are most seriously affected by cigarette smoking. You can see from this chart most dramatically the extremely high toll that smoking takes. Not only are the death rates from the major causes—heart disease and cancer—higher, but the overall rate for smokers is almost twice as high as that of nonsmokers. One third of all deaths in the age group 35–59, which is even younger than depicted on this chart, are excess deaths which would not have occurred if it had not been for smoking.

Looking at this picture in still another way, these men, especially those who are heavy smokers, are cutting their lives short by as much as 8 years. Now this may not seem significant to the younger generation, but to those approaching their allotted three score years and ten, 8 years can be a considerable amount of time. Even the light smoker, one who perhaps smokes less than a pack a day, could lose about 5 years of his life expectancy.

I. Death rates of cigarette smokers versus nonsmokers by selected diseases related to smoking, males, age 45–64 (rates per 100,000 person-years)

Deaths from all causes:	
Never smoked regularly	708
Smoker	1,329
All cancer:	
Never smoked regularly	125
Smoker	267
Lung cancer:	
Never smoked regularly	11
Smoker	87
All heart and circulatory:	
Never smoked regularly	422
Smoker	802
Coronary heart disease:	
Never smoked regularly	304
Smoker	615
Violence, accidents, suicide:	
Never smoked regularly	60
Smoker	72

CHART 2—DEATH RATES—FEMALES 45–64

The various smoking reports indicate that the situation is substantially the same for women. There was a time when it was believed that women were somehow immune to the effects of smoking. This was probably due to the fact that fewer women smoked and those who indulged did not smoke as much as men. This picture has changed, as smoking has become socially acceptable for both sexes. As this chart shows, women who smoke do have higher death rates generally, and higher rates from lung cancer and heart disease than women who do not smoke. One out of 14 deaths among women in the highly important age span, 35 to 59 years, is associated with cigarette smoking.

II. Death rates of cigarette smokers versus nonsmokers by selected diseases related to smoking, females, age 45–64 (rates per 100,000 person-years)

Deaths from all causes:	
Never smoked regularly	453
Smoker	584
All cancer:	
Never smoked regularly	197
Smoker	201
Lung cancer:	
Never smoked regularly	7
Smoker	15
All heart and circulatory:	
Never smoked regularly	161
Smoker	256

II. Death rates of cigarette smokers versus nonsmokers by selected diseases related to smoking, males, age 45–64 (rates per 100,000 person-years)—Continued

Coronary heart disease:	
Never smoked regularly	83
Smoker	148
Violence, accidents, suicide:	
Never smoked regularly	23
Smoker	32

These charts are dramatic, but they do not tell the whole story of the effect of smoking on mortality. The link between cigarettes and lung cancer has been established for some time. In fact, it was well known even before the 1964 Surgeon General's report. And no evidence has been produced which refutes this fact.

The case of heart disease and the respiratory diseases—bronchitis and emphysema—is somewhat different. In 1964, it was merely established that male cigarette smokers have a higher death rate from coronary heart disease than nonsmokers. Today we know that smoking is actually a significant risk factor in the development of this disease. Smokers who have high blood pressure and high serum cholesterol have twice the risk of fatal heart attack as nonsmokers. Among male smokers between the ages of 45 and 54, this risk is more than three times that of nonsmokers.

Chronic bronchitis and emphysema are fast making their way to the top of the list of the leading causes of death and disability in this country. In 1964, smoking was described as the most important of all the causes of chronic bronchitis and a strong contributor to the risk of dying of emphysema.

Today we use much stronger language; cigarette smoking is the most important cause of bronchitis and may also play a role in the development of emphysema.

We emphasize these three diseases—lung cancer, heart disease, and the chronic respiratory diseases—because they pose the greatest threat. Yet cigarette smoking has also been associated with cancer of the larynx, and other areas of the month and throat, and with cancer of the bladder, kidneys, and pancreas.

One of my greatest concerns is the youth of this country, the source of our leadership of the future. I was most pleased when the Public Health Service reported last year that not as many young people are taking up smoking as did in the past. But there are still far too many who have succumbed to the "allure" of cigarettes. These kids are not going to quit because we tell them they might get sick when they are 50 or 60 years old. That kind of argument just turns them off.

What we must emphasize for young people, and older smokers as well, is that smoking can affect their health now.

CHART 3—WORK-LOSS DAYS, MALE

According to the National Health Survey, the cigarette habit is costing the smoker more days lost from work, more days of sickness in bed, and more days of restricted activity compared to the experience of the nonsmoker. Moreover, the more a person smokes, the more time he loses from work and personal activities.

III. Age-adjusted work-loss days, restricted-activity days, and bed-disability days, present smokers versus nonsmokers, by number of cigarettes per day, males

(Number of cigarettes smoked per day—present amount)

Days of work lost, days per person:	
Never smoked	4.6
Smoker:	
Under 11	5.5
11–20	6.1
21–40	6.5
41 up	7.6
Days of bed disability, days per person:	
Never smoked	5.1
Smoker:	
Under 11	6.8
11–20	5.6
21–40	5.0
41 up	8.8
Days of restricted activity, days per person:	
Never smoked	13.8
Smoker:	
Under 11	18.5
11–20	17.1
21–40	17.4
41 up	23.3

Data from Cigarette Smoking and Health Characteristics, United States, July 1964–June 1965.

CHART 4—WORK-LOSS DAYS, FEMALE

The picture is even more striking for women. Here you can see that the heavy smoker is sick and away from her job almost twice as often as her nonsmoking peer.

Smokers take more sick leave and must spend more time sick in bed because they suffer more acute and chronic illness than nonsmokers.

IV. Age-adjusted work-loss days, restricted-activity days, and bed-disability days, present smokers versus nonsmokers, by number of cigarettes per day, females

(Number of cigarettes smoked per day—present amount)

Days of work lost, days per person:	
Never smoked	4.7
Smoker:	
Under 11	5.8
11–20	7.7
21–40	8.2
Days of bed disability, days per person:	
Never smoked	7.5
Smoker:	
Under 11	8.5
11–20	8.3
21–40	11.0
41 up	17.4
Days of restricted activity, days per person:	
Never smoked	20.0
Smoker:	
Under 11	22.5
11–20	24.3
21–40	27.2
41 up	38.4

Data from Cigarette Smoking and Health Characteristics, United States, July 1964–June 1965.

CHART 5—MORBIDITY RATES, SELECTED DISEASES, MALE

Men seem to suffer more from several specific illnesses, shown on this chart; chronic bronchitis and/or emphysema, chronic sinusitis, peptic ulcer, and influenza. The health survey found that there are over 1 million more cases of chronic bronchitis and/or emphysema in the Nation than there would be if all people had the same rate as those who never smoked. Similarly, there are 1.8 million more cases of sinusitis and 1 million more cases of peptic ulcer than there would be if no one smoked. Bron-

chitis and emphysema have twice as many victims among male smokers than they do among nonsmokers.

V. Age-adjusted morbidity rates from selected diseases, male present smokers versus male nonsmokers

	Rate, per 100 persons
Chronic bronchitis and/or emphysema:	
Nonsmoker	1.0
Smoker	2.4
Chronic sinusitis:	
Nonsmoker	8.3
Smoker	10.8
Peptic ulcer:	
Nonsmoker	2.4
Smoker	4.7
Influenza:	
Nonsmoker	23.2
Smoker	28.4

Data from Cigarette Smoking and Health Characteristics, United States, July 1964–June 1965.

CHART 6—MORBIDITY RATES, FEMALES

Again, we can see that women who smoke have about the same sickness experience as men. Clearly, the effects of smoking are not discriminatory.

VI. Age-adjusted morbidity rates from selected diseases, female present smokers versus female nonsmokers

(Rate, per 100 persons)

Chronic bronchitis and/or emphysema:	
Nonsmoker	1.2
Smoker	3.8
Chronic sinusitis:	
Nonsmoker	11.1
Smoker	13.8
Peptic ulcer:	
Nonsmoker	1.6
Smoker	2.5
Influenza:	
Nonsmoker	31.8
Smoker	34.6

Data from Cigarette Smoking and Health Characteristics, United States, July 1964–June 1965.

Added to these already grim facts is the additional evidence presented in the most recent smoking report that smokers have more noncancerous disease of the mouth than nonsmokers. Those who both smoke and have poor oral hygiene are more likely to have periodontal disease and gingivitis. This habit may even lead to loss of teeth.

There is another tragic aspect and that is the effect smoking can have on the health of others. Women who smoke during pregnancy frequently have babies weighing less than normal at birth. Some studies indicate that an expectant mother's smoking habit may be related to spontaneous abortion, stillbirth, and neonatal death.

The reports are not all gloomy, for throughout the data on death and disability there is a hopeful note. Smokers can have a second chance, for many of the effects of cigarette smoking are reversible.

CHART 7—DEATH RATES, MALES, YEAR LAST SMOKED

The longer a person stays away from cigarettes, the better are his chances of good health. Indeed, if a smoker turns back early enough, his chances of dying from such disease as lung cancer, heart disease, emphysema, can be nearly on a par with those of the man who has never smoked at all.

VII. Overall death rates for former smokers versus nonsmokers by number years since last smoked and number previously smoked per day, males aged 55 to 64 (rates per 100,000 person-years)

SMOKED 20 OR MORE	
Former smoker:	
Under 1	2,962
1–4	2,613
5–9	1,880
10 up	1,563
Never smoked regularly	1,187
SMOKED 19 OR LESS	
Under 1	2,017
1–4	1,854
5–9	1,669
10 up	1,020
Never smoked regularly	1,187

Let us consider now, the bill itself. Its purpose is "to provide an adequate warning to the public of the hazards of cigarette smoking through strengthened cautionary labeling of all cigarette packages and to prohibit after January 1, 1971, all television and radio broadcasting of cigarette advertisements."

One provision of this bill would suspend the Federal Trade Commission's proposed trade regulation ruling which would require health warnings in cigarette advertising, for 18 months after broadcast advertising has ceased. The Chairman (Mr. MAGNUSON) and seven of my colleagues have expressed themselves in opposition to this provision of the bill, and I have indicated that I share this view. Indeed, I would go further, in that I believe that passage of the bill in its present form would be a giant step backward. If the FTC is barred from taking this action, the public stands to gain more from the defeat than from the passage of the bill as it now stands.

Historically, this is not the first time we have so tied the hands of the Federal Trade Commission. Let me refresh your memories. In mid-1964, the FTC issued a rule, to take effect on January 1, 1965, that would have required all cigarette packages and advertising to bear a warning that cigarette smoking causes death through lung cancer and other diseases. That rule died aborning. Instead, Congress forced the FTC to suspend its rule and in its place the Federal Cigarette Labeling and Advertising Act of 1965 was made the law.

This act was hailed by many, including our leading health authorities, as a significant step forward because it required a warning label to appear on all cigarette packs sold domestically. Actually, this act proved to be a tragic mistake. In exchange for a mild, innocuous warning on the cigarette package, Congress exempted the cigarette industry from the normal processes of Federal, State, and local regulations. Thus, while we could, theoretically at least, advise current smokers of the dangers of their habit, we closed the door on one of the most effective ways of reaching our youth—through warnings in TV advertising.

The time has come when we can redeem ourselves—if we have the courage to do so.

On January 31, I indicated to this body my fear that the cigarette industry would seek by legislation to continue this shackling of the FTC.

Regrettably, the Commerce Committee succumbed to industry's blandishments and voted to restrict this agency for at least the next two and a half years.

The force of this decision was only barely softened by the committee's accompanying action to bar, as of January 1, 1971, the broadcast of all cigarette advertising. Already there is strong evidence that the cigarette industry intends simply to divert the vast sums of money it has been spending for broadcast advertising into print and display advertising, coupon prizes, and other promotional sales devices.

A trade publication called Media Decisions, in its October 1969 edition, surveyed the advertising and promotion plans of the cigarette advertisers and concluded that the industry was about to embark on "the biggest switch of all times." The publication predicted:

Two-thirds of the ad dollars knocked out of broadcast will go into alternate national ad media.

I, for one, do not relish the thought of a $200 million advertising campaign in newspapers, magazines, billboards, and possibly even movie theaters, extolling the "pleasures" of smoking in artificially contrived social settings, without even a hint of the dangers of this habit. The promoters of good health will find it difficult to meet this kind of competition. I do not believe that any of the organizations involved in the health side of this controversy—be they Government or voluntary—would have enough money to combat this onslaught. From my own personal survey of newspapers and magazines, I have found that some will be happy to run antismoking announcements, but many would also expect to receive the going rate for such ads. There is no effective way we can command "equal time" or public service announcements from the press.

Since January 31, I have been on record as promising to filibuster rather than allow the bill to pass as it stands. I will withdraw this pledge—if the Senate accepts an amendment which will eliminate section 7(a), the section suspending the FTC Trade Regulation ruling.

I call your attention now to the new wording of the caution label. Instead of the words, "Caution: Cigarette Smoking May be Hazardous to Your Health." the bill proposes to substitute the following: "Warning: Excessive Cigarette Smoking Is Dangerous to Your Health."

Chairman MAGNUSON and my colleagues took exception to this change in wording and I concur in this view that use of the word "excessive" is grossly misleading and could well lead to an increase in cigarette consumption on the basis that "a few would not hurt you."

We know that this is not true. Cigarettes in moderate use are dangerous. Cigarettes in excessive use are even more dangerous. And this is a fact we must not let the public forget.

CHART 8—DEATH RATES, MALE, BY NUMBER SMOKED

Look at the picture in relation to the number of cigarettes smoked per day.

It is clearly evident that the death rates go up as this number increases. Yet even the moderate smoker have substantially higher death rates than nonsmokers. Among the younger men depicted here, those smoking half a pack to a pack a day have death rates twice as high as those who do not smoke.

VIII: Overall death rates of male cigarette smokers versus male nonsmokers by number of cigarettes per day (rates per 100,000 person-years)

(Current number of cigarettes per day)

AGE 45–54

Never smoked regularly	402
Smokers:	
1–9	741
10–19	910
20–39	970
40 up	1,109

AGE 55–64

Never smoked regularly	1,187
Smokers:	
1–9	1,815
10–19	2,280
20–39	2,437
40 up	2,680

AGE 65–74

Never smoked regularly	3,118
Smokers:	
1–9	4,683
10–19	5,145
20–39	5,325
40 up	5,635

CHART 9—DEATH RATES, MALE, INHALATION

Again we see a similar picture with regard to the depth of inhalation. The younger men who inhale slightly or moderately have death rates twice as high as nonsmokers. The ratios are somewhat less in the older age groups, but the picture is still the same—even moderate amounts of smoking are deleterious.

IX. Overall death rates of male cigarette smokers versus male nonsmokers by degree of inhalation (rates per 100,000 person-years)

AGE 45–54

Never smoked regularly	402
Smoker:	
None	824
Slight	859
Moderate	974
Deep	1,021

AGE 55–64

Never smoked regularly	1,187
Smoker:	
None	1,868
Slight	1,868
Moderate	2,331
Deep	2,689

AGE 65–74

Never smoked regularly	3,118
Smoker:	
None	3,994
Slight	5,029
Moderate	5,300
Deep	6,411

CHART 10—DEATH RATES, MALES, BY AGE BEGAN SMOKING

A very important point which should be made, especially with youngsters, is that the more years you spend tied to this habit, the greater the effect.

Those who have been smoking the longest have the highest death rates. But do not overlook the figures at the other end of the scale. Even the man who takes up smoking as a young adult has a higher death rate than the man who does not smoke at all.

X. Overall death rates of male cigarette smokers versus male nonsmokers by age smoking began (rates per 100,000 person-years)

AGE 45–54

Never smoked regularly	402
Smokers:	
30 up	562
25–29	726
20–24	857
15–19	999
Under 15	1,210

AGE 55–64

Never smoked regularly	1,187
Smokers:	
30 up	1,576
25–29	2,082
20–24	2,058
15–19	2,509
Under 15	2,682

AGE 65–74

Never smoked regularly	3,118
Smokers:	
30 up	3,846
25–29	3,902
20–24	4,728
15–19	5,728
Under 15	6,221

I will move that the word "excessive" will be deleted from this warning. The public must be educated to accept the fact that any smoking is excessive. No smoking is the best assurance of freedom from disease.

I would like to comment on one final aspect of the bill before us and that is the section relating to broadcast advertising. Section 6 of H.R. 6543, as reported by the majority of the committee, would by law flatly prohibit cigarette advertising by television or radio beginning on January 1, 1971.

On its face, that section reflects the view of the committee, and I would assume, a majority of the Senate—that it is not in the public interest that cigarettes any longer be advertised on the airways, a medium that is unique and one that has a tremendous impact, reaching as it does virtually every household in the land and viewed by young and old alike.

But this section of the bill as now written constitutes an abdication to the economic desires, indeed, if I may speak most bluntly, to the avarice of the broadcasting industry. Even more, it is a repudiation of a commendable and statesmanlike effort of the cigarette industry to achieve self-regulation, a principle which I am confident is in the best American tradition.

Traditionally, where the public interest requires restraint or even prohibition of any facet of commercial activity, it has always been considered far preferable to encourage self-regulation than the broadax application of a legislative ban.

In the light of this tradition, I cannot refrain from voicing my profound objection to the manner in which section 6 has been amended in committee, or to refrain from insisting that its basic objective is plainly to accommodate the asserted economic inconvenience to the broadcasting industry and to provide to broadcasters an opportunity to gain additional revenues at the expense of public health.

Let me go back and review the events leading to the development of this section in order that the positions taken by the two industries can be fully revealed.

On July 22, 1969, the Consumer Subcommittee of the Senate Committee on Commerce began hearings directed primarily to the question of cigarette advertising and labeling. Although those hearings were technically to consider H.R. 6543, the House-passed amendments to the Cigarette Advertising and Labeling Act of 1965, our subcommittee regarded questions of advertising as paramount.

At our hearings we had before us an announced proposal of the National Association of Broadcasters issued an anticipation of our hearings proposing a 4-year phase-out of cigarette television and radio advertising in progressive steps prolonging of that advertising until September 1, 1973. This general plan also had been evolved by the broadcasters in response to an announcement by the Federal Communications Commission on February 6, 1969, proposing an administrative ban on all cigarette advertising on television and radio in the event that responsive industry self-regulation to the same end could not be achieved.

Then at the July 22 hearing, the cigarette manufacturers of the country, through their chosen spokesman, informed the committee:

> Each company is prepared to agree to discontinue all advertising of cigarettes on television and radio in September 1970, when the major existing contractual arrangements will expire.

They, the cigarette manufacturers, further stated their willingness to agree to terminate all television and radio advertising at any time after December 31, 1969, if the broadcasters would afford simultaneous termination of the outstanding advertising contracts.

It is understandable, of course, considering the highly competitive character of the cigarette industry, that the only practical method of termination would be by collective action that might present problems under the antitrust laws. Therefore, the cigarette companies requested that Congress provide statutory immunity from antitrust actions to permit them to carry out the very narrow and one-time agreement to terminate electronic broadcast advertising. Since this would be an economic agreement to limit competition among competitors, action for treble damages might be filed under antitrust laws.

On January 31, 1969, I said on the floor of the Senate:

> The cigarette industry could, if it chose, take responsible charge of its own destiny by voluntarily abandoning broadcast advertising. If the industry, publicly and unequivocally, agreed to do this, then I would be the first to assist them to attain antitrust immunity. But nothing less is acceptable.

In my view, and so far as I can ascertain by the views expressed by every Senator at the hearing, the offer of the cigarette companies, made at my invitation, must be regarded as sincere.

In addition, the full Federal Trade Commission, appearing through its chairman, stated that agreements to discontinue broadcasting would not be challenged by the Commission, but that if Congress desired to afford specific antitrust exemption the Commission would "not object to a statutory exemption under these narrow circumstances." The chairman of the Federal Communications

Commission likewise commended the proposal of the cigarette industry and stated that if it were adopted he anticipated that the FCC proposal would become unnecessary.

Only the representative of the broadcasters objected. Despite the earlier phase-out plan announced unilaterally by the radio-TV industry, its witness found the cigarette companies' proposal "discriminatory." On July 31, 1969, I wrote to each of the major networks asking for a statement as to its willingness to terminate advertising after December 31, 1969, in accordance with the expressed offer of the cigarette manufacturers. Two of the networks replied that they were not in a position to do so. The third stated that, if Congress desired an earlier termination pursuant to the antitrust exemption plan asked by the cigarette industry, it would respect the congressional view.

In response to an inquiry by me, the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice furnished me, On October 16, with a draft of a proposed legislative antitrust exemption which would achieve the desired result, and stated that the Department of Justice did not oppose such legislation to accomplish the desired ends.

Consequently, the committee had before it the expressed willingness of the cigarette industry promptly to discontinue television and radio advertising of cigarettes if an antitrust exemption could be provided, and the expressed statements of the Federal Trade and Communications Commissions that none of these agencies saw any objection to that course. Neither did the Department of Justice nor the President of the United States, expressed in a release to the press. And no member of the committee had publicly voiced any objection.

What, then, happened? The Senate and a vitally concerned American public are entitled to know why this course was rejected and why, instead, a statutory provision, accomplishing no different end, was adopted to extend the date of cessation of broadcast advertising to January 1, 1971.

The argument was made in committee that Congress ordinarily does not afford an antitrust exemption in order to accomplish social objectives. This is not persuasive. There are comparable, longstanding antitrust exemptions to permit cooperative agreements among farmers, to permit ratemaking by shipping conferences, by international airlines, and by railroads. Since 1914, agreements for joint action by labor, agricultural, and horticultural organizations have been accorded antitrust exemptions. An outstanding example can be found in the Agricultural Marketing Agreement Act of 1931 which granted a similar exemption to marketing agreements of producers or processors.

Another outstanding example is the Miller-Tydings amendment of 1937 to the basic Sherman antitrust law to legalize fair trade agreements where permitted by State law.

In 1958, Congress also exempted agreements among small business firms approved by the Small Business Administration.

As a more recent and striking example in the field of communications, on November 4, 1969, the Senate Committee on the Judiciary ordered reported S. 1520, the "Newspaper Preservation Act," which exempted from the antitrust laws certain joint newspaper operating arrangements involving a defined failing newspaper.

In light of these precedents, it is a shocking thing for a Senate committee to invoke a doctrine of nonuse of an antitrust exemption to permit the broadcasters, those honored trustees of the Nation's airways, to haggle for every possible year, month, and day of cigarette advertising revenues. In my view, that is indefensible.

By the same token, it is a repudiation of the very type of industrial self-regulation, particularly in the field of advertising, which I believe most Members of the Congress would prefer to foster.

Accordingly, I now offer, for your consideration, the amendment substantially as drafted by the Antitrust Division of the Department of Justice affording the antitrust exemption, honoring what I believe to be a forthright offer by the cigarette industry, and I trust, giving the American public what they are most entitled to have—the earliest possible date for the cessation of broadcast advertising of cigarettes.

Contrasted with the prohibition voted by the majority, this amendment will obviate, not cause, litigation which itself could delay the cessation we all seek. For there can be no doubt that grave constitutional questions arise from a Federal prohibition of advertising a lawful product—a step unprecedented in the acts of Congress, so far as I know. As I have already noted, the sole objector to the antitrust exemption at our July hearing was the broadcast industry itself, complaining of discrimination. For their trouble, they have earned from the Committee a most discriminatory prohibition and a precedent—if eventually found lawful—which can only lead to further selective deprival of their commercial opportunities.

A final merit to the antitrust exemption which I am proposing is its complete lack of new precedent or discrimination among any media. For those like myself who fear a massive transfer to other media of cigarette industry funds now being spent in radio and television, the amendment will afford the opportunity to the cigarette industry to further curb its competitive excesses.

For the past 5 years, the public has been exposed to one of the most intensive public health education campaigns ever undertaken in this country. In an almost unprecedented cooperative effort, health agencies, schools, youth organizations, and the Government have presented the story that cigarette smoking is harmful to health. This effort has been aided immeasurably by the number of health messages appearing on television as a result of the Federal Communications Commission decision to apply the "fairness doctrine" to cigarette advertising. As a result of this ruling broadcast stations which carry cigarette commercials are also presenting, to a significant degree, on a virtually daily basis—including hours of maximum listening—anti-cigarette messages prepared by the various health agencies.

What has been the effect? Has this educational program been successful? Judging from what we can see here, I would say that it has.

CHART 11—PER CAPITA CONSUMPTION OF CIGARETTES

This is a picture of the course of cigarette consumption from 1946 to the present. You will note several significant dips in the line. [Graph not printed in the RECORD.] The first came in 1954 after the first reports of a smoking-lung cancer link were made. When the Public Health Service report was released in 1964, there was another dip. Although the line does climb briefly from time to time, the general trend is downward. There has been a reduction in the amount of cigarette smoking in this country.

This is not to suggest that the job is done or that we have no further cause for alarm. There is still a need for continuing education at all grade levels in our schools; there is a need for continuing education of all the public through every media. In this respect, I am most pleased that there is an indication that broadcasters will continue to carry anti-smoking health messages on radio and television.

There is another area in which adjustment needs to be made—and one that is rarely talked about in these hearings. Many Americans are justifiably concerned about the fact that the Government, on the one hand, warns of the dangers of smoking, yet, on the other, continues agricultural supports for tobacco and continues to advertise tobacco products abroad. I have received many letters, questioning such policies, and I am sure many of you have as well.

I realize that the acreage-allotment programs for tobacco were established many years ago, long before the health hazard of smoking was known. But this does not justify their continuation. This kind of policy confuses the public and seriously hampers any educational efforts to encourage the cessation of smoking.

I have many times before offered my support for any agricultural programs or tax assistance which will aid tobacco farmers in switching to other crops or other forms of farming. I reiterate my stand on this point.

I do not want to see the line on this chart go up again. It must continue its downward course if we want to keep our Nation healthy.

So I appeal to my colleagues: While you are considering this legislation, do not think of the cigarette men and the broadcasters with their pleas of impoverishment; think of the enormous loss of human life to be weighed in the balance on the other side. Ask yourself which is more important—the profits of a single industry or the health and welfare of millions of Americans. And, if you cannot think in terms of millions, think of just one close friend or loved one, languishing in the final agony of lung cancer or emphysema, or stricken in the prime of life by a fatal heart attack.

Mr. MAGNUSON. Mr. President, the Public Health Cigarette Smoking Act of

1969, as the Commerce Committee has reported it, does take a forthright and responsible—even an historic—step in expressly terminating all broadcast advertising of cigarettes by January 1, 1971. The end of broadcast advertising is a goal that has been sought by major public health groups in this country for over a decade. That goal is now within reach.

As I indicated in my own separate views in the committee report however, the bill is marred by two provisions, to which many of my colleagues on the committee and I have taken strong objection.

PREEMPTION OF FTC REGULATION

There was little wisdom and less logic in the committee's decision to bar the Federal Trade Commission from requiring a warning in cigarette advertising before July 1, 1972. By this decision the committee has placed itself in the contradictory posture of moving firmly to terminate all broadcast advertising of cigarettes while simultaneously voting to free all nonbroadcast advertising from effective restraint.

The committee preempts all State and local health-related regulation of cigarette advertising, based upon the principle of national uniformity in regulating the marketing of nationally marketed products. We agree that there is a need for a uniform national policy, but not if that policy is anarchy—a grant of freedom to the cigarette industry to launch massive, unrestrained promotional campaigns in nonbroadcast media. Despite avowals by the industry of voluntary self-restraint, the past performance of the cigarette companies at self-regulation is hardly reassuring.

In appearing before this committee, the Federal Trade Commission itself took a responsible and restrained position with respect to the regulation of cigarette advertising. The Commission welcomed the voluntary termination of broadcast advertising of cigarettes and modified its position to reflect the benefits which can flow from the termination of such advertising, Chairman Paul Rand Dixon told the committee:

> If cigarette advertising should be removed from the broadcast media by the end of the year or shortly thereafter, the Commission would be disposed to suspend its now pending trade regulation rule proceeding until July 1971.

There is no doubt that cigarette advertising in the broadcast media has been by far the most offensive means of cigarette promotion to the public health community, particularly because of the defenselessness of young people against the impact of radio and television.

But if the FTC is barred by statute from requiring a warning in advertising the public will have no meaningful defense, even against a massive onslaught of print advertising employing themes designed to obscure the medical verdict against cigarette smoking and designed to make cigarette smoking appealing to young people. We cannot let this happen.

INSERTION OF THE WORD "EXCESSIVE" IN THE REQUIRED CAUTIONARY NOTICE

The committee, having first decided to strengthen the cautionary warning on the cigarette passage to read, "Danger: Cigarette smoking is dangerous to your health," proceeded—again by 10-to-9 vote—to render the warning at least as weak as the present caution notice by amending the language to read "Caution: Excessive cigarette smoking is dangerous to your health."

The hard evidence which prompted Congress and the regulatory agencies to confront smoking as a unique public health problem demonstrates that cigarette smoking is dangerous in normal use. It is dangerous to the two-pack-a-day smoker; it is dangerous to the one-pack-a-day smoker; it is dangerous to the half-pack-a-day smoker; and because of its habituating effect, it is dangerous even to the young man or woman who experiments with an occasional cigarette. The committee's warning would thus be adequate only if the public generally understood that all cigarette smoking is excessive. But because the public has not yet arrived at such a level of sophistication, the committee's warning will necessarily function as a misleading half-truth.

The danger of normal smoking is revealed clearly in the 1968 report of the Secretary of Health, Education, and Welfare. That report states:

> Life expectancy for a two-pack-a-day, or more, smoker at age 25 is 8.3 years less than that for the corresponding nonsmoker. Even "light" smokers, those who smoke less than 10 cigarettes per day, have from 2.8 to 4.6 fewer years of life expectancy than corresponding nonsmokers.

The danger of the habituating effect of cigarettes is also well established. Psychologists and physiologists disagree as to whether cigarette smoking is true physiological addiction or psychological habituation, but there is agreement that cigarette smoking is a tenacious habit which once started becomes, for many smokers, virtually impossible to quit. A cigarette warning which, buy its use of the word "excessive," appears to ignore these dangers is clearly inadequate to the public's needs.

Mr. President, I would like at this time to commend the junior Senator from Utah (Mr. Moss) for the outstanding job he has done in managing this bill in the Commerce Committee and here today on the Senate floor. His deep concern with improving the health of the American people, has been matched by his perseverance in securing adoption of a strong bill which will alert the public to the dangers of cigarette smoking and limit the appeal of cigarette advertising. The result of his outstanding effort will be measured in terms of persons spared from the ravages of such serious diseases as lung cancer, bronchitis, emphysema, and heart disease.

Mr. GOODELL. Mr. President, we are not here today to debate the health consequences of cigarette smoking. Scientific testimony to this effect is overwhelming. The Surgeon General's report in 1964 told us that "cigarette smoking is a health hazard of sufficient importance in the United States to warrant appropriate remedial action." Congress did take action on July 27, 1965, with the passage of the Federal Cigarette Labeling and Advertising Act, and since that time we have consistently received statements from the Surgeon General which bear out his earlier findings. In 1967, 1968, and 1969, the Surgeon General, on the basis of careful examination by qualified scientists, has reported to Congress and the people of this country: Cigarette smoking is a present and proved hazard to human health. The record is impressive, to say the least. It would take many days for the Senate to fully hear all of the evidence which has been amassed for us.

The issue here is really quite simple: in view of these facts, have we adequately protected the public interest in the bill reported out by the Commerce Committee. My answer is "no, we have not."

We have not done so because there is a provision in H.R. 6543 now before us which would pre-empt the Federal Trade Commission from putting into effect its pending trade regulation requiring a warning in all cigarette advertising before July 1, 1972. I voted against this provision in committee.

The committee has moved to terminate all broadcast advertising while freeing nonbroadcast advertising from effective restraint. This is comparable to taking one step forward and one step backward at the same time. It leaves us in limbo, appearing to protect the interest of the people, while we snipe away at their only defense.

In 1968, according to the recent report of the FTC, $238.5 million was spent by the cigarette industry in television and radio advertising. In contrast, $44.6 million was spent for newspaper and magazine ads.

With the termination of broadcast advertising, the strong possibility exists that there will be a massive shift to other forms of advertising media, including billboards, coupons, and other promotional devices in addition to the newspapers and magazines. There are no real assurances that this will not happen. The past performance of voluntary self-regulation by the cigarette industry is certainly not reassuring in this regard.

To be sure, cigarette advertising in the print media can be qualitatively different from broadcast advertising if the information provided is objective and relevant. In particular, by revealing the tar and nicotine content, these ads can perform a socially useful function.

If we prevent the FTC from any action whatsoever until July 1, 1972, or beyond—which is the effect of section 7(a) of this bill—we will have abrogated our responsibility to protect the public interest. We will have gone on clear notice that more time must elapse before contemplating any stronger action to protect the public from a clearly recognized hazard. What we are in effect then saying is that no matter what the Surgeon General reports to us in the future about the health hazards of smoking, and no matter what the FTC reports to us about the effects of the termination of broadcast ads with respect to other media, we do not want any further action. I cannot believe that the U.S. Senate wants to affirm a go-slow policy when the health of this country, particularly that of our youth, is involved.

Mr. MONTOYA. Mr. President, I rise to compliment the Senator from Utah who has given of his time and dedication to bring about a vitally needed concern over the effects of tobacco use.

Because of his great efforts, the people

of this country and the tobacco industry have been inculcated with a firm resolve to do something legislatively and scientifically about the effects of tobacco use.

The Senator from Utah has spent many hours leading this great dialog and this fight to bring about a better understanding of the problem.

I salute him and commend him for his great service in this field.

Mr. MOSS. I thank the Senator.

Mr. HART. Mr. President, all of us who share a grave concern over the proven hazards of smoking, owe a great debt to the Senator from Utah (Mr. Moss). We have came a long way since the dark days of 1965 when the Senate failed to act responsibly or forthrightly. That we have come so far is due primarily to the persistent, unflinching efforts of the Senator from Utah. He alone sounded the alarm nearly a year ago alerting us to the potential for mischief in this legislation. He alone kept the pressure on the cigarette and broadcast industries so that however belatedly, they began to recognize their responsibility to the consuming public. And he alone shepherded the bill through hearings and to the committee with a strong record crying at for strong action.

AMENDMENTS NO. 410

Mr. MOSS. Mr. President, I call up my amendments at the desk, No. 410, and ask that they be stated.

The PRESIDING OFFICER. The amendments of the Senator from Utah will be stated.

The assistant legislative clerk proceeded to read the amendments.

Mr. MOSS. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with. I think I can explain them very quickly.

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

The amendments (No. 410) are as follows:

On page 6, beginning with line 8, strike out down through line 3 on page 7.

On page 7, line 5, strike out "SEC. 8" and insert in lieu thereof "Sec. 7".

On page 7, line 18, strike out "SEC. 9" and insert in lieu thereof "SEC. 8"'.

On page 7, line 22, strike out "SEC. 10" and insert in lieu thereof "SEC. 9".

On page 8, line 4, strike out "SEC. 11" and insert in lieu thereof "SEC. 10".

On page 8, line 14, strike out "SEC. 12" and insert in lieu thereof "SEC. 11.".

Mr. MOSS. Mr. President, my amendment calls for striking out all of section 7 of the bill as it came from the committee. The remainder is simply a renumbering of the following sections if that should be accomplished. I have already had something to say on the amendment, so I shall be glad to have the other side make comments on it.

The PRESIDING OFFICER. The Chair will advise the Senator that the Senate is operating under a time limitation.

Mr. MOSS. I understand.

AMENDMENT NO. 419

Mr. COTTON. Mr. President, I yield myself 3 minutes and I call up my amendment No. 419, which I desire to offer as a substitute for amendment No. 410. I ask unanimous consent that the reading of the amendment be dispensed with, and I shall explain it.

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

Amendment No. 419 is as follows:

On page 6 beginning with line 9, insert the following:

"SEC. 7. (a) The Federal Trade Commission, having notified the Congress of its intention to suspend its pending trade regulation rule proceeding relating to cigarette advertising until July 1, 1971, shall continue such suspension in effect until such date. If at any time after July 1, 1971, the Federal Trade Commission deems it necessary to renew or to initiate any rule making proceeding with respect to such pending trade regulation the Commission shall so notify the Congress of such intention. Such notification shall include a full statement of the reasons for any such action. Any resulting trade regulation rules relating to cigarette advertising shall not take effect until six months after the date of such notification to the Congress in order that the Congress may act if it so desires."

Mr. COTTON. Mr. President, I yield myself an additional 2 minutes.

I am in accord with the Senator from Utah that section 7 in the present bill defers too long the opportunity for action and regulation, if needed, by the Federal Trade Commission. And it is for this reason that I now offer my amendment No. 419 as a substitute.

All my amendment proposes to do is to provide by law the suspension on pending trade regulation rule proceedings relating to cigarette advertising until July 1, 1971, which in fact is the date indicated by the Chairman of the Federal Trade Commission as being reasonable and acceptable to that agency.

Subsection 7(a) of H.R. 6543, as reported by our committee, however, would provide for a mandatory suspension in such proceedings by the Federal Trade Commission to a period of 18 months following the cessation of broadcast advertising of cigarettes. The effect of this provision would be to carry such suspension until July 1972—1 year beyond that date suggested by the Chairman of the Federal Trade Commission.

As I have indicated in the individual views which I filed with the report accompanying this bill, I personally consider such a suspension period as being excessive and contrary to the public interest.

However, my amendment would further provide that if at any time after July 1, 1971, the Federal Trade Commission deems it necessary either to renew or to initiate such proceedings concerning cigarette advertising, then it, the Commission, shall tender notice of its intention in this regard to the Congress and that such notification shall include a full statement setting forth the reasons for such proposed action. Furthermore, any rules resulting from such a proceeding would not take effect until 6 months after notification to the Congress. The 6-month period should serve to afford the Congress an opportunity to act on this issue if it, the Congress, deems action in this connection necessary and proper.

Mr. BAKER. Mr. President, if the Senator will yield me about 2 minutes so I may express my position in this area——

Mr. COTTON. I yield.

Mr. BAKER. Mr. President, I am on the Commerce Committee, and in the full executive session the committee saw fit to adopt my version of this section, which is now sought to be amended by the Senator from Utah and the Senator from New Hampshire. I rise simply to say that the substitute offered by the Senator from New Hampshire is, in my opinion, a fair and equitable substitution and treatment of this subject. While I offered the original committee version, I wish to state that I am willing to now accept the substitute by the Senator from New Hampshire.

Mr. COTTON. I thank the Senator.

Mr. MOSS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Chair is informed that the Cotton amendment was not in order until all time had been used on the Moss amendment. When the Senator from New Hampshire proposed his amendment and it was accepted for consideration, the Senate began operating under the time limitation for the amendment of the Senator from New Hampshire. Unfortunately, the time limitation on the amendment of the Senator from Utah was not yielded. The Chair is not sure where it is. But the Chair would like to entertain a motion or request——

Mr. MOSS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MOSS. I had understood there was a time limitation on each amendment, and there was a provision that, in the event there was an amendment to the amendment, time would be extended to it. I assumed that that was the time we were operating under.

The PRESIDING OFFICER. The Senator is correct, but the Chair is informed that the time should be used on the first amendment, before the second amendment was offered. Since the Senator was not aware of that, it can be taken care of by a unanimous-consent request that the Senator has not lost any time on the original amendment.

Mr. MOSS. Mr. President, I ask unanimous consent that it be in order to consider the amendment of the Senator from New Hampshire (Mr. COTTON) and that I may utilize time on the amendment to the amendment at this point without jeopardizing the time on my amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MOSS. Mr. President, the amendment offered by the Senator from New Hampshire is a definite improvement over the committee amendment.

Mr. COTTON. Is the Senator on my time now?

The PRESIDING OFFICER. Is the Senator addressing the Chair with a parliamentary inquiry?

Mr. COTTON. Yes.

The PRESIDING OFFICER. He is not using the Senator's time. He is using time in opposition to the Senator's amendment, in accordance with the unanimous consent agreement.

Mr. MOSS. Under the substitute of the Senator from New Hampshire, the FTC would not be forced to suspend its trade

regulation rule beyond the date which it itself has voluntarily agreed to. However, the amendment would not permit the Trade Commission to act sooner under any circumstances, even if the cigarette industry in its future advertising practices were to grossly abuse the nonbroadcast media. If, despite assurances of the cigarette industry to the contrary, there were to ensue, a massive transfer of advertising funds to the nonbroadcast media, the FTC would not be able to act. If the cigarette companies put up billboards every hundred yards throughout the country, the FTC would not be permitted to act. If family magazines were jammed from one end to the other with elegant couples hand-in-hand holding the cigarette "for the two of us," the FTC could not act. If we were to see a wave of coupon promotions such as we have begun to see signs of—cigarette coupons to be redeemed for Beatle records, for example—and other items dear to the hearts of teenagers, the FTC could not act.

I would therefore ask the senior Senator from New Hampshire whether he would consider amending his amendment so that the Trade Commission could terminate the suspension of its trade regulation rule prior to 1971 if it found that subsequent cigarette advertising practices constituted such a gross abuse of the nonbroadcast media that it was compelled to act.

I would suggest the following language: On line 5 of the Senator's amendment, following the word "date." strike the period and add the words ", unless the subsequent advertising practices of the cigarette industry constitute such a gross abuse of the nonbroadcast media that the commission finds it is compelled to act." Then, following the words "If at any time after July 1, 1971," add the words "or following a finding of such gross abuse,".

Mr. COTTON. Mr. President, I yield myself 2 minutes.

It is my understanding that the suggestion of the distinguished Senator from Utah is that, instead of the amendment providing that the Federal Trade Commission could not issue regulations until after July 1, 1971, he wishes to insert the qualifying words ", unless the subsequent advertising practices of the cigarette industry constitute such a gross abuse of the nonbroadcast media that the Commission finds it is compelled to act."

I presume this means that if the Commission finds there is gross abuse—whatever that may mean—it then can issue regulations earlier than July 1, 1971. The Senator also proposes to add following the words "If at any time after July 1, 1971," the words "or following a finding of such gross abuse,".

In other words, what the Senator wishes to do is not make it ironclad that they cannot issue regulations until after July 1, 1971, by providing that if the Commission finds gross abuse by reason of a substantial increase in the volume of advertising, or some other criteria, then it can issue regulations. However, the Commission will still have to notify Congress of its intention with a full statement of the reason for such action and any resulting rules will not become effective for 6 months. Is that correct?

Mr. MOSS. That is correct.

Mr. COTTON. I did not mean to interrupt the Senator, if he wishes to say something further on his own time.

Mr. MOSS. I yield myself 1 minute.

The Senator's interpretation is correct; they would still have to give Congress the 6-month notice before the action of the Federal Trade Commission could become effective.

Let me illustrate. Suppose the tobacco industry did, indeed, dump the whole $200 million it now spends on the broadcast media into some other kind of advertising program. That could be considered a gross abuse. The industry said they would not do it, and I do not expect them to do it, but I think the Federal Trade Commission ought to have the power, in the event they do, to say, "We find that is a gross abuse, and therefore we intend to make a rule, and notify Congress that in 6 months such a rule will become effective."

Mr. COTTON. Mr. President, am I to understand that if I accept the added language to my substitute amendment as suggested by the Senator from Utah, then he, the Senator from Utah, would be willing to accept my substitute amendment for his original amendment?

Mr. MOSS. I would accept the substitute if that perfecting language could be made a part of it.

Mr. COTTON. In order to establish some legislative history, I should like to have a brief colloquy with the Senator from Utah as to the matter of what would constitute "gross abuse." Would that determination be made by the Federal Trade Commission?

Mr. MOSS. Well, of course, the standard is not precise, because we do not have any history in the Commission on it. But, as I tried to indicate, I would think gross abuse would be a tremendous increase—say a sudden doubling or trebling of the number of billboards, for example.

Mr. COTTON. If the Senator from Utah, does not find the statement I am about to make to be accurate, I wish he would so indicate, because before I accept his proposed language I want to have a clearer understanding of its meaning.

If, for example, the Federal Trade Commission made a finding that the industry was grossly abusing the privilege of advertising in other media, such as newspapers, magazines, and billboards, then it could begin trade regulation proceedings. However, the Commission first would have to notify Congress that it was about to do so, and the reason for such proposed action. Then, Congress would still have 6 months after the notification to act, if Congress found that the Federal Trade Commission was arbitrary and unreasonable. Congress would have every opportunity and would be a final judge as to whether the advertising constituted a "gross abuse." Is that correct?

Mr. MOSS. The Senator is entirely correct, because the finding and notification would be required; it could not be effective for 6 months, and that is the period of time that Congress would have to intervene, if it sought to intervene.

Mr. COTTON. So, in a sense, Congress would still be the last judge of what constitutes "gross abuse," with opportunity to act?

Mr. MOSS. The Senator is quite correct.

Mr. ERVIN. Mr. President, I have no time, but I would like to ask a question, if someone will yield.

Mr. MOSS. I am happy to yield to the Senator from North Carolina.

Mr. ERVIN. Does this mean the only limitation on the Federal Trade Commission would be 6 months from the time of the passage of the bill?

Mr. MOSS. Well, the Federal Trade Commission, by the Cotton amendment as I read it, would be suspended from taking action until July 1, 1971, and would continue in such state of suspension. The only exception made is that if there is a finding of gross abuse, then the Federal Trade Commission may give notice of a trade regulation rule, and it cannot make such ruling effective for 6 months after Congress has been notified.

Mr. ERVIN. Would that not be equivalent to the Senator from New Hampshire adopting the amendment of the Senator from Utah?

Mr. MOSS. I think not.

Mr. ERVIN. I cannot see the difference.

Mr. MOSS. My amendment, of course, simply strikes out the whole section. It says there is no limitation on the power of the Federal Trade Commission.

The Senator's amendment does put a limitation on them, in two ways. First, it limits them to a time certain. Secondly, if they find gross abuse, they can act, but they still have to give 6 months' notice if they do that.

Mr. ERVIN. However, they can start to act when they give notice without waiting for the time limit. In other words, this would do away with the provision of the Cotton amendment that they are precluded from acting until July 1, 1971.

Mr. COTTON. It leaves active in the Cotton amendment and lays down the wish of Congress that: "The Federal Trade Commission, having notified the Congress of its intention to suspend its pending trade regulation rule proceeding relating to cigarette advertising until July 1, 1971, shall continue such suspension in effect until such date . . ."

There is the reiteration of what they themselves said.

Mr. MOSS. The Senator is correct.

Mr. COTTON. The Senator from Utah wants to provide a qualification in the event the Commission finds gross abuse. However, the Commission must make such a finding. Then the Congress has 6 months in which to act. Is that correct?

Mr. MOSS. That is a correct statement.

Mr. BAKER. Mr. President, will the Senator yield 2 minutes to me?

Mr. COTTON. Mr. President, I yield 2 minutes to the Senator from Tennessee.

Mr. BAKER. Mr. President, I would like to establish one point. First of all, I recall that in many State legislatures, including my own, it is the habit, because the constitution requires it, to end each enactment by saying the public welfare requires it, because the bill does not go into effect and become law until after 30 days.

I would hate to have the situation where the Federal Trade Commission says at the end of each order that the abuse of the public media requires it.

I would like to inquire if the Senators can say that the present level of nonelectronic advertising is not a gross abuse by the tobacco industry, so that by this colloquy in the record we have made, we have notified the Federal Trade Commission that we are talking about something much greater than is going on today and that they could not, as pointed out by the distinguished Senator from North Carolina, decide in their wisdom that the advertising levels were a gross abuse and, therefore, issue a ruling immediately.

Would both the Senator from Utah and the Senator from New Hampshire agree that the advertising levels of the tobacco industry in the nonelectronic media are not the gross abuse contemplated by the suggested perfecting amendment of the Senator from Utah?

Mr. MOSS. Mr. President, if I may respond——

Mr. COTTON. The Senator from Utah can respond, and then I will respond.

Mr. MOSS. Mr. President, in my opinion, the present system is not considered to be gross abuse. At least, the Federal Trade Commission does not think so. I do not think so, either.

Mr. ELLENDER. Mr. President, gross abuse of what?

Mr. MOSS. Well, gross abuse of the advertising facilities, a flooding of the market.

When advertising goes out on television and radio, over $200 million a year is suddenly released. If that money were dumped into the type of advertising such as billboards, magazines, and newspapers, we would be up to our ears in it.

At that point the Federal Trade Commission may come forward and say that this constitutes such a saturation that it is an abuse and they are going to make a ruling about it.

If they should decide that, they have first to find gross abuse and then notify the Congress. And there is then 6 months before that ruling could become effective, in which time Congress might make its decision.

Mr. COTTON. Mr. President, I yield myself 1 minute to make my response to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. COTTON. Mr. President, not only in my opinion is the present volume and manner of cigarette advertising in the printed media reasonable and not a gross abuse, but indeed if broadcast advertising ceases, then some margin of increase would seem to me to be both reasonable and not a gross abuse. It would require a flooding in my opinion.

Furthermore, conceding, as I do, that cigarette smoking is dangerous or may be dangerous to the health, I think it would be in the public interest if the tobacco companies concentrated more of their advertising perhaps on pipe smoking or cigar smoking and related products. It would increase the volume somewhat.

I ask the Senator from Utah if a reasonable person would not agree that some increase of volume for those purposes would not be a gross abuse.

Mr. MOSS. Mr. President, in trying to define what constitutes gross abuse, I point out that "gross" means "large" in my vocabulary. So I would say it was a "large" abuse.

Mr. COTTON. Mr. President, I thank the Senator. I think that is a very significant comment.

Mr. President, with that understanding, and bearing in mind that Congress still has the last word. I accept the added language of the Senator from Utah, if he will agree to my substitute amendment being accepted for his original amendment.

Mr. MOSS. Mr. President, with the perfecting language, I am satisfied with the substitute amendment. I am willing to accept the substitute amendment.

Mr. ERVIN. I am not. I would rather have the committee bill, because under the proposed amendment there is no restriction at all, except for a period of 6 months after the Federal Trade Commission gives the prescribed notice to Congress.

Mr. COTTON. If we continue along this line, we will have no bill.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COTTON. Mr. President, do I have a right to a rollcall vote on the question of deciding whether to accept the words, and does the Senator from Utah have a right to accept my substitute?

The PRESIDING OFFICER. The Senator is right.

Mr. ERVIN. And I have a right to vote against the amendment.

Mr. COTTON. I was not criticizing the Senator from North Carolina.

Mr. MOSS. Mr. President, I yield to the Senator from Kentucky for a question.

Mr. COOPER. Mr. President, if the provision is agreed to and becomes a part of the bill, would it in any way restrict the right of a party to challenge in the courts the authority of the Federal Trade Commission to issue a rule or regulation on such advertising?

Mr. MOSS. If I may respond, this in no way confirms the right of the Federal Trade Commission. I suppose that anyone with appropriate legal action can still challenge the power of the Federal Trade Commission to issue any such orders they might issue.

Mr. COOPER. I want this point to be certain in the legislative interpretation. The question has been raised in the past. I raised it in the debate in 1965, that the Federal Trade Commission has no authority to regulate advertisement of tobacco, as a commodity and certainly unless such advertising were deceptive under section 5(a)(1) of the Federal Trade Commission Act.

A distinction was raised also in the case of *Banshaft* v. *Federal Communications Commission*, 405 F. 2d, 1082 decided in 1968. It distinguished between the power of the FCC to regulate advertising in television and radio, and power of the FCC to regulate advertising in the printed news media.

I frankly say it was not the point in issue. It was simply dictum. But it is persuasive that the rule of the case might not be applicable to advertising in regular news media. I could give the reasons, but we do not have the time. The decision speaks for itself. I want to be sure that there is nothing in this amendment or the section amended which would restrict the right of any party, by direct language or by implication, to assert a right, if he desires to do so, to challenge in the Federal Courts the authority of the FCC to regulate advertising in the printed news media.

Mr. MOSS. In my opinion, the Senator is correct. There is nothing in this act that restricts any person from challenging the powers of the Commission. Personally, I think they have the power, but it might be raised in the court. This does not restrict anybody at all.

Mr. COOPER. I thank the Senator.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MOSS. I yield.

Mr. ELLENDER. Is there any language in the modified amendment that would ban advertising entirely by radio or television?

Mr. MOSS. Not in the amendment that we are considering, but it is in the bill as a whole.

Mr. ELLENDER. But we are talking about flooding advertising. That would mean the news media.

Mr. MOSS. Magazines, billboards.

Mr. ELLENDER. As I understand it, the fear is that if advertising by radio and television is totally abandoned, all the money spent for advertising in that way would then be spent for newspaper advertising or in magazines and things of that kind.

Mr. MOSS. That is true. It has been predicted by some publications that this will happen, and we are concerned that it might.

Mr. ELLENDER. As the bill reads now, it would ban advertising by radio and television?

Mr. MOSS. It will when it becomes effective, yes.

SEVERAL SENATORS. Vote! Vote!

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. MOSS. I yield.

Mr. ERVIN. I should like to ask for an explanation.

Would this amendment enlarge the powers of the Federal Trade Commission to ban advertising which is not deceptive?

The PRESIDING OFFICER. Will the Senator suspend, for a clarification?

Does the Senator from Utah accept the amendment of the Senator from New Hampshire as a modification to his amendment?

Mr. MOSS. Yes, as modified with the language that was discussed and given to the desk, I am willing to accept the amendment of the Senator from New Hampshire as modified.

The PRESIDING OFFICER. The amendment is so modified.

Mr. ERVIN. As I understand from the Senator from Utah and the Senator from New Hampshire, it is not the purpose of either amendment to enlarge the powers of the Federal Trade Commission beyond the present powers which allow

it to adopt regulations to prevent deceptive advertising.

Mr. MOSS. The Senator is correct. It does not enlarge the powers.

Mr. ERVIN. I thank the Senator.

The PRESIDING OFFICER. Is all time on the amendment yielded back?

Mr. MOSS. I yield back the remainder of my time on the amendment.

Mr. COTTON. I yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the Moss amendment (No. 410) as modified.

The amendment, as modified, was agreed to.

Mr. MOSS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 412

Mr. MOSS. Mr. President, I call up my amendment No. 412 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment, as follows:

On page 4, line 11, strike out the word "Excessive".

Mr. MOSS. I yield myself 3 minutes.

Mr. President, in my opening remarks I addressed myself somewhat to this amendment, and therefore I think I can explain it very quickly.

The House bill that came over had a new warning to be put on the cigarette package. In the Committee on Commerce we initially rewrote it to reduce the warning to say simply: "Warning. Cigarette smoking is dangerous to health."

When we had a later session in the committee, the word "excessive" was added, so that it reads: "Warning. Excessive cigarette smoking is dangerous to health."

What I tried to point out when I talked about these charts is that it does not have to be excessive smoking. Any smoking has its deleterious effect. Heavier smoking has a greater effect. I admit that. I say that adding the word "excessive" defeats the warning that is on the package. In fact, any excessive use of any product would be deleterious to my health. If I eat too much candy, if I drink too much water, if I do anything excessively, it is going to be dangerous to my health. So the warning is nullified with the word "excessive" in there. My amendment would simply take the word "excessive" out, and the warning would read "Cigarette smoking is dangerous to health."

I reserve the remainder of my time.

Mr. BAKER. Mr. President, will the Senator yield me 5 minutes?

Mr. COTTON. I yield 5 minutes to the Senator from Tennessee.

Mr. BAKER. Mr. President, I have no disagreement with the distinguished Senator from Utah that the term "Excessive smoking is dangerous to health" is a statement of patent fact. I think that is also true of excessive drinking of alcohol or use of cyclamates or anything else. That is not the point.

The point is, as in most legislation with which we deal, that we are trying to accomplish a public purpose; but we are also dealing in a delicate matter of the establishment of responsibilities between parties. To simply state that excessive cigarette smoking is dangerous to health is a categorical statement of fact by statute which I am very much afraid might create a cause of action against the manufacturer of any cigarette for any purpose, regardless of the extent to which that cigarette was consumed.

I would suggest, Mr. President, that the Senate should address itself to one of two alternative propositions. We should accept either the committee language, which states, "Excessive cigarette smoking is dangerous," or the alternative "cigarette smoking may be dangerous." In each case there would be the subjective quality to be examined. In the first case, was or was not the smoking excessive? In the second case there would be the question whether or not cigarette smoking is dangerous to health left for the ultimate trier of fact.

So far as the junior Senator from Tennessee is concerned, I am perfectly willing to see the language of the bill changed so that it would read, "Cigarette smoking may be dangerous to your health," instead of "Cigarette smoking is dangerous to your health." As an alternative, I am perfectly willing to see the language "is dangerous to your health" retained so long as it is modified by "excessive smoking is dangerous to your health." Either one is agreeable to me, so long as we do not stand on the floor of the Senate and try to create a categorical statement of positive fact which I think we are in no position to do and by right should not do.

Mr. COOPER. Will the Senator yield me 2 minutes?

Mr. THURMOND. Mr. President, will the Senator yield me 2 minutes?

Mr. COTTON. I will yield to the Senator from Kentucky in 1 minute. I yield myself 1 minute at this time to interrogate the Senator from Utah.

Is either suggestion of the Senator from Tennessee acceptable to the Senator from Utah?

Mr. MOSS. I am afraid my attention was diverted during part of that time, and I did not hear all of the remarks of the Senator from Tennessee.

Mr. COTTON. His suggestions were that either "excessive" remain or, if "excessive" is taken out, the words "may be" be used instead of "is." Is either one of those acceptable?

Mr. MOSS. No, neither is acceptable.

Mr. COTTON. May I make a compromise suggestion between the two, and then I will yield time to other Senators.

The House bill provides the following as the label:

Warning. The Surgeon General has determined that cigarette smoking is dangerous to your health and may cause lung cancer or other diseases.

The PRESIDING OFFICER (Mr. HART in the chair). The Senator's 1 minute has expired.

Mr. COTTON. I yield myself 1 additional minute.

Mr. President, this is a warning already in the House bill. If the Senate saw fit to adopt the same warning, it would take it out of conference, and the matter would be settled once and for all.

I should like to know how the Senator from Utah would feel about substituting the House-worded warning for the amendment he has just offered.

Mr. MOSS. Mr. President, I would be glad to respond. I have no strong objection to the House warning. As the Senator will recall, when we discussed this in committee it was said this was long and cumbersome because it had many words in it, so we tried to cut it down.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MOSS. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator is recognized for 2 additional minutes.

Mr. MOSS. Mr. President, what we finally came up with is taking just the words "Cigarette smoking is dangerous to your health" in the middle of the House warning. At a later date we got this additional wording.

If the Senator wishes to propose going back to the House warning, I would have no objection. A few Senators have expressed the opinion that maybe it would weaken it to see the Surgeon General determining it. But that does not bother me. I voted for the shorter one, but if the Senate wants to change I would not resist.

Mr. BAKER. Mr. President, will the Senator yield to me for 2 minutes so I may offer an amendment in the nature of a substitute?

The PRESIDING OFFICER (Mr. HART in the chair). The Chair is advised that until all time is consumed that would not be in order.

Mr. BAKER. Mr. President, I ask unanimous consent that I may be recognized for 1 minute to introduce an amendment in the nature of a substitute.

The PRESIDING OFFICER. The Chair is advised it is not a problem of obtaining time, but rather until the time on this amendment has been consumed or yielded back, it would not be in order to offer the substitute, except by unanimous consent.

Mr. BAKER. Then I withhold the offering of the substitute.

Mr. COTTON. Mr. President, does that consume all of our time?

The PRESIDING OFFICER. The time would be held en banc until action is concluded on the substitute.

Mr. MOSS. Mr. President, was the Senator from New Hampshire going to offer the House wording as a substitute for my amendment?

Mr. COTTON. No. The Senator from Tennessee wishes to offer a substitute on his part. I want to give him that opportunity. I hope we can agree on the House language. He wants to offer his substitute.

Mr. MOSS. I understand. I now have before me the wording which the Senator from Tennessee proposes to offer at the appropriate time. This would insert the words "may be." Mr. President, this reverts to the warning on the pack now. Yet the only thing we could say that the

House accomplished this year when it extended the bill was to get a better warning on the pack.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOSS. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. MOSS. For that reason first of all I would not expect the House to take it because they have already voted to have a more direct warning. Second, I think it would be a tremendous step backward if we were to now go back to where we were 5 years ago when we had this ill-starred warning on the package that is so weak and does not, in effect, give a real warning. It simply says it may be hazardous to health.

I took the time of the Senate to bring before it all these charts and statistics to show not that they "may be" but that they are dangerous. Nobody can deny it. There are four reports of the Surgeon General stacking up the evidence, that smoking need not be excessive to be hazardous. Any cigarette smoking is dangerous to health. How anyone can say "may be" escapes me.

I shall have to resist the substitute when it is offered.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. COTTON. I yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, I wish to ask these questions for the record, I believe the questions are pertinent. I assume all of us want to assure a provision which clearly rests on the facts.

Am I correct in saying that the statement made by the Senator from Utah is based primarily on the report of the Advisory Committee of the Surgeon General on smoking and health in 1965.

Mr. MOSS. It is based on that in part, but this has been confirmed now by subsequent reports.

Mr. COOPER. My question is: On the report and subsequent reports, is that correct?

Mr. MOSS. Yes.

Mr. COOPER. But, for the record, is it not also correct that these reports are based on bibliographical information and studies and not research?

Mr. MOSS. No; indeed they are not all bibliographical. There are others that are medical studies.

Mr. COOPER. That is right; medical studies. But they are bibliographical reports and studies, from which they prepared the report. There has been no independent research by the Surgeon General's committee or any new research upon which they base their reports?

Mr. MOSS. To the contrary I think subsequent reports are based on research done; and every report that comes out supports the findings.

Mr. COOPER. The reports do so state, in my view. I ask the Senator if in the hearings he held, the Surgeon General, any pathologist, scientist, or any medical authority was heard?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COOPER. Mr. President, will the Senator yield 1 additional minute?

Mr. COTTON. I yield 1 minute to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator is recognized.

Mr. COOPER. The index of the committee report does not show the Surgeon General testified.

Mr. MOSS. In the hearings we held this summer the Surgeon General was not heard.

Mr. COOPER. I wish to state a further fact. I believe the accepted methodology has three procedures: One, to determine correlation, and that is the basic of the Surgeon General's report; second, isolation of a suspected ingredient of mechanism—and I do not believe there has been any such establishment with respect to tobacco; and third, the reproduction of disease in laboratory experiments. It is correct that tar has produced skin cancer on mice, but not on human beings, and other substances have also produced skin cancer on mice.

Mr. President, I make this statement for the record, because it has bearings on this subject, and shows that there is much research yet to do.

Mr. COTTON. Mr. President, I yield 3 minutes to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. ERVIN. Mr. President, the sum total of the knowledge of this world on the causes of cancer is summed up in the first sentence of the article of the Encyclopedia Britannica on cancer. It says cancer is an autonomous new growth of new tissue without known basic cause.

Nobody knows the cause of cancer. There is plenty of testimony in the Senate Commerce Committee hearings of 4 years ago and the House Commerce Committee hearings of this year from multitudes of doctors to that effect that there is no proof of any causal relation between cigarette smoking and lung cancer. The National Institutes of Health conducted a study with respect to emphysema and reported that the cause of emphysema is unknown. There is a multitude of medical testimony in the Senate Committee hearings of 4 years ago and the House Committee hearings of this year to the effect that there is no proof of causal relation between cigarette smoking and bad health.

The truth is there is no clinical evidence of any causal relationship between cigarette smoking and disease. The contention to the contrary is based solely on certain statistics unreliably collected.

The truth is that the situation is very much like an old adage about the mountaineer who patronized the storekeeper in my county. The whole case against cigarette smoking is based on figures and not on clinical proof or research. The mountaineer had been buying his groceries on credit. He went in to pay his bill. He asked the amount. The storekeeper told him the amount. The mountaineer thought it was too much. The storekeeper laid out his books on the counter and said, "Here are the figures. Figures do not lie."

The mountaineer said, "I know that figures do not lie, but liars sure do figure."

Mr. President, not only do liars figure but honest men, when they get to be crusaders, figure, too.

Mr. President, there is no evidence of any clinical character, and no proof based on research of any causal relationship between smoking and lung cancer, or emphysema or heart disease. The whole case is based on statistics collected in unreliable ways. Qualified doctors testified before the Senate committee 4 years ago to this effect. Other expert doctors also testified before the House committee this year that there is no proof of any causal relationship between cigarette smoking and any of these diseases.

One further point. I ask unanimous consent to have printed in the RECORD a copy of a speech I made in the Senate on December 4, 1967, on the subject that lung cancer is a disease of unknown origin.

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

ERVIN REPLIES TO TOBACCO CHARGES, MAKES THREE-POINT PROPOSAL, DECEMBER 4, 1967

Today, I want to discuss an allegation which is becoming more and more frequent—that smoking is all that stands between men and immortality. This proposition is being paraded before the American people with all of the pomp and certitude of Madame Curie's discovery of radium.

When I hear these arguments, I am reminded of a prominent citizen who lived to be 96 years of age:

On his 96th birthday the newspapers sent their reporters out to interview him. One of them asked, "To what do you attribute your long life?"

The old man replied, "I attribute it to the fact that I have never taken a drink of an alcoholic beverage or smoked a cigarette in all my days."

At that moment they heard a noise in an adjoining room that sounded like a combined earthquake and cyclone. One of the newspaper reporters said, "Good Lord, what is that?"

The old man said, "That is my old daddy in there on one of his periodic drunks."

Most recently, all of the assertions in support of the argument that smoking causes cancer were collected in Senator Robert F. Kennedy's address to the World Conference on Smoking and Health. When asked for my reaction to that speech, I declined on the basis that any immediate statement by me without careful study could only be superficial and unfair. Since that time, I have studied carefully the charges made by the prohibitionists.

These charges should not stand unchallenged.

In all fairness to the American people, to the tobacco industry, to hundreds of thousands of farmers and tobacco workers and their families, and to the Members of Congress who must consider proposed legislation on this subject, the record should be set straight.

This is what I propose to do today.

I have always believed in freedom of information, whether the news be good or bad.

I believe the American people have a "right to know," and in this case, they have a right to know that there is no proof that smoking causes lung cancer and heart disease. By the same token, the Government has a duty to see that the people are supplied with all of the information about this vital subject.

Now, I have no pretense to expert knowledge of cancer and its causes. Indeed, I am as lacking in information as the medical profes-

sion whose knowledge of the subject is summarized in this quotation from the *Encyclopedia Britannica:*

"Cancer is an autonomous new growth of tissue of an unknown basic cause."

While I do not profess to have any more knowledge of this subject than is set forth in this statement, I do have considerable experience as a lawyer and a judge in weighing the probative value of medical and scientific evidence.

And I agree with the eminent chest disease specialist, Dr. Alvis Green, who told the Senate Commerce Committee:

My study of lung cancer over the past 50 years as an internist and diagnostician leads me to agree with Dr. Joseph Berkson of the Mayo Clinic that there is no proof of causal relationship between the smoking of cigarettes and lung cancer."

I would say, as he does—

"Without false modesty, and quite frankly, I do not know the cause of cancer. Moreover, I am going to say without the slightest fear of contradiction, that no one else does either."

I have discussed in the past and will discuss again in the future other relevant matters including the illegality of the so-called Fairness Doctrine regulations of the Federal Trade Commission; the absurdity of labeling cigarettes as harmful, but not, for example, alcohol; and the poverty which cigarette prohibition would bring to thousands of farmers and workers, while at the same time tax income sufficient to pay for the war on poverty would be cut off.

After studying the arguments of the prohibitionists, I am convinced that they contain little more than old platitudes, new hyperbole, and blatant *non sequiturs*—all based on statistics which are either erroneous, irrelevant or statistically meaningless. Nevertheless, these statistics are cited again and again to support the thesis that smoking causes cancer.

The truth of the matter is that these people are relying on statistics, not research. And they do not understand their own figures.

Actually it would be far easier to show statistically that smoking cigarettes prolongs life:

(1) Americans are living 16 years longer today than they did in 1920.

(2) Americans smoke more cigarettes than they did in 1920.

(3) Ergo, cigarettes prolong life.

Or to cite an example: Great Britain has a higher death rate from cancer than we do. Yet, the British smoke less.

Now, this is not to say tobacco is a health food the equivalent of yogurt. What I am saying is that, from such logic as this, no valid conclusions can be drawn.

It is correct that official statistics show a dramatic increase in lung cancer in recent years. But proponents of prohibition do not mention there has been a corresponding decline in stomach cancer. Are we to assume that tobacco has cleansed the stomach while fouling the lungs? Even more strange, incidence of cancer of the larynx has remained relatively constant over the last thirty years. Yet the smoker's larynx comes in contact with the smoke sooner and more often than the lungs.

The full weight of the prohibitionists' logic seems to rest on this one paragraph from Senator Kennedy's speech:

"Death from lung cancer [is] increasing almost geometrically—from 2,500 in 1930, shortly after smoking started becoming a national habit, to 50,000 now."

This information is, of course, not a figment of someone's imagination. It is derived from federal vital statistics. But they fail to take into account changes in reporting methods, improvement in diagnosis and the aging of the population. All these have influenced the increase in numbers of deaths reported from lung cancer.

More important, there is stronger evidence from equally reputable research scientists and statisticians who reject the hypothesis that any relation between cigarette smoking and any disease has been proven. I will place in the *Congressional Record* expert documentation of this at the conclusion of my statement.

(See exhibit 1.)

For the moment, let me highlight the following facts:

As a "national habit," cigarette smoking among the male population dates not from 1930, but from 1883 when Washington Duke and Sons began mass producing cigarettes near Durham, North Carolina. It is true, however, that it did not become popular for women to smoke until the 1920's; and the number of adult women who smoke has been increasing since that time.

But whether we use 1930 or some earlier date as a base year, it is still clear that a sizable but undeterminable number of cases of lung cancer used to be diagnosed as tuberculosis; and the increase in deaths from lung cancer parallels the decrease in deaths from respiratory tuberculosis and pneumonia. Since 1930 diagnostic techniques and the science of pathology have developed to the point where lung cancer can be easily identified.

Dr. Joseph Berkson of the Mayo Clinic explains the apparent rise in the lung cancer rate and fall in the tuberculosis rate in two ways. He cites the 1961 English study by Dr. Willis to the effect that ". . . so many cases of unrecognized lung cancer [were found] in early records as to warrant the conclusion that there was just as much lung cancer in the past, but it wasn't recognized." Also, according to Dr. Berkson, "persons who in former times would have died at an early age, say from tuberculosis, now live to ages at which they are exposed to death from lung cancer." Incidentally, Dr. Berkson, who the *Cancer Bulletin* calls the dean of American medical statisticians, has said, "Personally, all relevant available facts considered, I think it very doubtful that smoking causes lung cancer."

But even if we were to accept the validity of the claim of low lung cancer incidence in 1930, the argument of the anti-smoking forces seems self-contradictory on several points.

In the first place, increase in the life expectancy of Americans has gone hand in hand with the increase in cigarette consumption. In 1930 the life expectancy of Americans was 59.7 years; by 1965, it was 70.2 years.

Secondly, some people propose economic sanctions on the industry to force a larger share of the market to lower tar and nicotine cigarettes. These cigarettes already constitute a large proportion of those being sold today; however, back in that golden age of 1930 to which cigarette prohibitionists turn with such nostalgia, higher nicotine and tar content cigarettes composed almost 100% of the market, and filters were nothing more than a gleam in the eye of two of the smaller manufacturers.

In this connection, the Federal Trade Commission last week released even more statistics to confuse the public. For they have proceeded by sometimes rather dubious methods to grade cigarettes by their tar and nicotine content. Yet, there is no proof that these even affect health. Even in 1950, filter cigarettes composed only .06% of total production; ten years later over half the cigarettes manufactured had filters. Further, mention is seldom made of the fact that although cigars and pipe tobacco are held blameless by the prohibitionists, both contain considerably more tar and nicotine than the average cigarette.

Other facts which go unmentioned are far more relevant than the propaganda which is disseminated.

For instance, although the lung cancer rate among women during the past 40 years has increased slightly, it by no means has kept pace with the increase in the number of women who smoke. For reasons which no one can explain, lung cancer remains largely a disease of the male. And, according to Drs. Rosenblatt and Lisa, "If cigarette smoking is a potent carcinogenic agent it should have affected lung cancer mortality by this time, resulting in an equalization of the sex ratio which in 1964 was 6.4: 1."

It is interesting that the *Encyclopedia Britannica* (1966 edition) in its discussion of percentages of cancer deaths in the United States, reports that 11% of the male deaths were from lung cancer, while only 3.1% of the female cancer deaths were from lung cancer.

Also, Senator Kennedy emphasizes that people are beginning to smoke at an earlier age and are smoking more cigarettes per capita. Yet, the average age at which lung cancer occurs has remained the same. If cigarette smoking produced lung cancer, then a lowering of the age of occurrence would be expected.

It is also passing strange that, as Dr. Rheinhard has said, "The average age at which lung cancer occurs is the same for heavy smokers, light smokers and nonsmokers." And Drs. Rosenblatt and Lisa note that lung cancer occurs at approximately the same age "regardless of whether smoking had been started at 6 years or at 41 years of age. Equally significant was the finding that the number of cigarettes smoked daily did not affect the age at onset; in both the light smokers and the heavy smokers the disease had developed during the same decades of life."

These same doctors, whose paper will be placed in the *Record,* carefully illustrate that lung cancer is primarily a disease of older men, and that cigarettes are therefore not the cause:

"This distinctive age distribution was noted in the nineteenth century in the absence of cigarette smoking and also in recent decades in the era of widespread cigarette consumption. The relation between longevity of the population and the incidence of lung cancer is therefore very significant. . . .

"It is very evident that, regardless of any hypothetical etiologic considerations, the total number of potential subjects for lung cancer has increased by many millions during the past half century. The inherent biologic characteristic of the disease to develop in older age groups will therefore result in the occurrence of more cases in future years as proportionately more of the population reaches the later decades of life."

In other words, to reverse the increase in lung cancer, we must either reduce life expectancy or we must find the cause and cure. Cigarette prohibition is no answer.

I would add here that aging is also a primary factor in emphysema, heart disease and most of the other diseases which the prohibitionists cite as byproducts of smoking. In a most important study of male, identical twins, Dr. Lundman and his colleagues concluded that ". . . cigarette smoking is probably not associated with coronary heart disease."

A substantial number of deaths from lung cancer, especially among women, are the result of cancer spreading to the lung but originating elsewhere in the body. These deaths could not be blamed on cigarettes by the most ardent prohibitionist; yet they are counted in the statistics cited by them.

Most conspicuous of all by its absence from public speeches on this subject is any mention of air pollution or other possible factors being studied. Certainly increased pollution, both from industry and from vehicular traffic, has at least kept pace with, if not outstripped, increased cigarette consumption since 1930. In fact, it was shown that on Staten Island, in New York, lung

cancer is far more likely to occur in residents where air pollution is highest. And, according to a five-year study published in the *German Journal for Cancer Research*, "The frequency of lung cancer is not influenced by cigarette smoking but there is a significant correlation between the air pollution problem and the bronchial carcinoma rate."

These facts, I believe, are sufficient in themselves to effectively rebut the hypothesis that a causal relation between cigarette smoking and cancer has been proven. I do not feel I can conclude, however, without challenging certain other allegations about tobacco and the tobacco industry.

The first is from a recent speech on the Senate floor in which it was maintained: "Between 4,000 and 5,000 children start to smoke each day." For two months, I have searched for statistics to validate this assertion, and I have failed utterly. My only conclusion is that this number is an exaggeration of an equally dubious statement by the Surgean General to the effect that 4,000 children begin smoking each day. The Surgeon General's statement in turn rests on a limited survey conducted in 1961 in Newton, Massachusetts. With a control group so small, it is a statistically absurd assertion which never even attempts to define the ages of the children to which it refers.

The Surgeon General and others maintain that their conclusions are based on over 5,000 studies. They do not mention that many of the studies are but rehashes of the others in popular magazines and even letters to the editor. Nor do they mention that many of the studies reached opposite conclusions from those of the Public Health Service. And Senator Kennedy then said, "No responsible health organization which has examined the problem has disagreed with these important facts." For an editorial which clearly refutes this conclusion, I suggest "Etiology by Edict" from the March, 1966, edition of the *Journal of Thoracic and Cardiovascular Surgery*.

I take strong exception to charges that "Cigarettes would have been banned years ago were it not for the tremendous economic power of their producers. . . . Nearly $300 million a year is spent in the United States alone on . . . efforts to start young people smoking and continue others in the habit."

The cigarette industry is less powerful than the liquor interests were in 1918; and prohibition of tobacco would fail as miserably as it did with alcohol. The only effect would be a bonanza for bootleggers dealing in low quality leaf. As for the statement, explicit and implicit, that the industry spends hundreds of millions enticing children to smoke, the charge is patently false.

In the first place, the industry spends no money whatsoever on institutional advertising designed to enlarge its market, as does, for instance, the brewery industry. Yet, beer commercials are as prevalent as cigarette commercials on sports programs; and it is incontrovertible that beer in the hands of an automobile driver can be a killer of young people. Certainly, the cigarette industry has made important strides in self-regulation by voluntarily limiting its advertising during programs aimed at youngsters. In addition, they have voluntarily ended all advertising on college campuses and drafted a code to police its advertising. The truth is that all cigarette advertising is brand advertising and has as its purpose gaining a larger share of the market for the manufacturer; and increasingly this advertising leads to larger markets for the lower tar and nicotine cigarettes. It is clear that human nature being what it is, an absolute ban on advertising is not the answer. In England, television advertising of cigarettes was banned, with the idea that English youth would not be encouraged to smoke. A year after the ban went into effect, however, the percentage of boys 16 to 19 years old who smoke had increased from 51% to 57%. For girls the same age, the proportion of smokers increased from 39% to 47%.

In Italy, all cigarette advertising is banned. And since the ban, cigarette use has risen steadily.

As to a charge heard at the World Conference that "The cigarette companies have demonstrated a total inattention to public responsibility," the industry has contributed $22 million to independent scientific research on health and smoking, $10 million of which has gone to an American Medical Association research project. It has spent even more in its own research. This is not to say that the manufacturers, have completely altruistic motives. Indeed, it is in their own interest to discover the relationship, if any, between smoking and lung cancer so that they can eliminate that ingredient, if any, which is responsible for the disease.

In conclusion, I emphasize two points:

First, I make no claim that cigarettes are a wonder drug. I claim only that which K. A. Brownlee has said in his article in the *American Statistical Review*. That is, at this time the statistics do not show that cigarettes cause human disease. Or, in the language of the North Carolina South Mountains, "Figgers may not lie, but liars sure do figger." And honest men also figger when the crusading spirit burns in their hearts.

Second, it is not my position that Congress should stand idly by in the face of what appears to be mounting deaths from lung cancer. But I do object strenuously to the solutions offered by the prohibitionists. Senator Kennedy, for instance, advocates impossibly strict self-regulation of the industry. In effect, what he asks of the manufacturers is slow suicide until such time as Congress agrees to give the Federal government the tools to administer the final execution.

This course can only lead through a blind alley of economic tragedy; and I'm not talking about the several hundred executives of a few large manufacturers. I'm talking about the several hundred thousand small farmers and tobacco factory workers and their families. Where shall we send them? To the ghettos of New York where it has been estimated even by prohibitionist scientists that residents are breathing heavily-polluted air?

It baffles me that some scientists have taken up the crusade for cigarette prohibition with all the religious fervor of a Carrie Nation. How much further we might be today if all of that combined intelligence, dedication, and energy had gone into research rather than propaganda.

PROPOSALS

Which brings me to my three-point proposal for resolving this controversy.

First, I believe the Federal government should initiate, as soon as possible, a cooperative effort among industry, government, and private, nonprofit organizations to find the cause and cure for lung cancer. Dr. Salk has shown us that there is nothing which is medically impossible. If we can divert all of the financial and human resources now engaged in anti-cigarette propaganda into a coordinated effort, I am confident we could shorten greatly the time until we reach our goal.

Between now and the time Congress reconvenes in January, Representative Galifianakis and I will be discussing plans for a definite program with Senator Jordan and other members of our delegation. It has occurred to me that this may be an excellent opportunity to test Vice President Humphrey's plan to apply computer technology to medical research in order to avoid duplication of research by scientists scattered across the country. A data bank could be set up in the Research Triangle Park in North Carolina which would act as a nationwide storehouse for all lung cancer research. As support facilities, we already have the Environmental Health Center, an IBM research facility, and the U.S. Data Processing Laboratory of the National Center for Health Statistics located in the Park. There are nationally-recognized medical schools at Duke University and the University of North Carolina at Chapel Hill. And the computer experiments being conducted at these two schools and at North Carolina State University—the three institutions which form the angles of the Triangle—could make a great contribution to the program, as could the research affiliates of the tobacco companies located nearby. Work of this nature in its embryonic stages is already being done in the area, and expansion of it could take place more easily there than at any other place in the nation. I am certain the State of North Carolina would cooperate in every way possible. Our legislature has already appropriated money for a Bio-Dynamics Laboratory at North Carolina State University for agricultural research on tobacco. Much of this research is being devoted to producing better quality leaf with lower tar and nicotine content.

Action along this line is the type which Nick Galifianakis and I feel Congress and the Surgeon General should contemplate.

Second, I urge a renewed and larger assault on air pollution. The Administration is to be congratulated for its work in this area. The landmark Air Pollution Act recently signed into law offers great hope, both in terms of research and in terms of regulation. Still, as President Johnson and Secretary Gardner have recognized, there is more Congress can do. It is true that, as with cigarette smoking, there is no proof that air pollution causes lung cancer. Yet, to the extent it may constitute a health hazard, air pollution is a more insidious threat than smoking. The latter is a voluntary risk, while the former is imposed on everyone against the wishes of everyone. Further, there are esthetic reasons as well as health reasons for an intensified war on air pollution. Until that day when all Americans can once again be assured they can look up in the morning and see the sky and look up at night and see the stars, we need to fight to lift the sick cloud of pollution which hangs so heavy across the face of America. Here again, Representative Galifianakis and I hope to offer some new ideas.

Lastly, if it is ever proven that there is a causal relation between cigarette smoking and lung cancer, then government, industry, and medicine should be prepared to begin immediately a cooperative search for a safe cigarette—not, however, through the coercive economic sanctions which have been proposed to the Senate, but rather through a program of tax incentives and joint government and industry research. Today's scientists are capable of finding better solutions to problems than by shouting them out of existence.

I'll conclude now with an editorial from the Raleigh, North Carolina, *News and Observer*, which contains more wisdom than all the propaganda of those who would regulate the personal habits of the American people.

"HAZARDS APLENTY

"In connection with the dire and continuous warnings given us about the supposed dangers of cigarette smoking, a physician passed along a little verse from the *New England Journal of Medicine*. It goes:

" 'Cholesteral is poisonous, so never, never eat it.
" 'Sugar, too, may murder you, there's no way to beat it.
" 'Some foods were filled with vitamins till processing destroyed it.
" 'So let your life be ordered by each documented fact
" 'And die of malnutrition with your arteries intact.'

"And warily watch every sunny sky for bolts of lightning."

EXHIBIT 1

1. A list of the major points raised by Dr. Milton B. Rosenblatt, Professor of Medicine at New York Medical College, and Dr. James R. Lisa, Consultant Pathologist, in their paper entitled "Biology, Biometry and Bronchogenic Carcinoma" from the August, 1967, edition of *Medical Science*, followed by the text of that article.

2. An editorial entitled "Etiology by Edict," by Dr. Hiram T. Langston from the *Journal of Thoracic and Cardiovascular Surgery* of March, 1966.

3. Excerpts from the study entitled "Smoking in Relation to Coronary Heart Disease and Lung Function in Twins; A Co-twin Control Study, Serum Lipids, Smoking, and Heredity," from *Acta Medica Scandinavica*, 1966.

4. A news release by the National Research Council of October 26, 1967.

5. An article entitled "Surgeon General's Report is Inconclusive on Cigaret-Cancer Link, Statistician Says," from the December 13, 1965, edition of *Advertising Age*, and the article on which this news report is based.

6. An article, "The Influence of Cigarette Smoke on Lung Clearance," by Charles W. La Belle Ph. D.; Dorthea M. Bevilacqua, M.A.; and Heinrich Brieger, M.D., from the May, 1966, edition of *Arch Environ Health*.

7. A study, "Distribution of Mortality from Lung Cancer in the County of Los Angeles," from the June 15, 1967, edition of *The Bulletin*, published by the Los Angeles County Medical Association.

8. A news release entitled "Tobacco Institute Replies to RFK Charge of Industry 'Inattention to Responsibility,' of September 11, 1967.

9. An address to the Tobacco Growers Information Committee Annual Meeting of November 6, 1967, by Addison Y. Yeaman of the Brown & Williamson Tobacco Corporation.

10. An address to the Burley and Dark Leaf Tobacco Export Association Annual Convention on October 3, 1967, by Paul D. Smith of Philip Morris, Inc.

11. Two editorials from *Barron's;* the first entitled "The Witch Doctors—Pseudo Science Is a Menace to U.S. Health and Welfare," in the May 9, 1966, edition; and "Dangerous Lengths—The Federal Crusade Against Smoking Has Gone Too Far," in the October 2, 1967, edition.

12. A column by James J. Kilpatrick, entitled "Anti-Smoking Figures Look Flimsy," from *The Washington Evening Star* of September 28, 1967.

13. An article entitled "City Air Pollution Said to Cost $520 Million a Year in Damage," from the June 25, 1965, edition of the *New York Times*.

14. An article entitled "German Physician Denies Smoking Role in Lung Cancer; Blames Air Pollution," from the August 12, 1964, edition of the *Medical Tribune*.

15. An article entitled "Germans Dispute Cigaret-Cancer Link," from the March 24, 1964, edition of the *Chicago American*.

16. An article entitled "Smoking and Lung Cancer: An Untelivised Telecase," by Dr. Joseph Berkson of the Mayo Clinic and professor of Biometry at the University of Minnesota, from the *Cancer Bulletin*, May–June, 1963.

17. An article entitled "S. I. Deaths Linked to Air Pollution," by Peter Kihas, from the January 12, 1967, edition of the *New York Times*.

Mr. MOSS. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Utah is recognized for 1 minute.

Mr. MOSS. Mr. President, no matter how vehemently or how loudly the Senator alleges that there is no connection between cigarette smoking, lung cancer, emphysema, and so forth, it does not erase the fact that studies made by the Surgeon General and the Public Health Service confirm the connection again and again. The figures are there on the chart. They show what happens to a person who smokes in comparison to one who does not; they demonstrate that there is a causal connection between cigarette smoking and lung cancer. It has certainly been accepted by the medical profession because in 1965, 80 percent of doctors smoked; today only 15 percent smoke. The doctors have got the message.

Mr. President, I now yield 5 minutes to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized for 5 minutes.

Mr. MAGNUSON. Mr. President, I hope we do not become emotional about this. I suppose science cannot determine the causes of many diseases, from the common cold to cancer, the second biggest killer, next to heart disease, in the United States.

For many years I have listened to testimony on both side of the health detriment question. We do not have as many statistics as we should have, but I am convinced of the fact that people who smoke cigarettes have considerably more lung cancer than those who do not smoke cigarettes.

I have no way of knowing personally whether cigarette smoking causes cancer. Some scientists may know. But I do know that those who smoke cigarettes do have more lung cancer.

It is too bad that the word "cigarette" alone is in the bill, because what we are really talking about is inhaling. The fellow who smokes a pipe, or goes behind the barn and smokes corn tassels can have some trouble in his lungs if he inhales. It is inhaling that counts, and today most cigarette smokers inhale to get pleasure out of smoking.

I must frankly say that until recently I have been a long-time cigar smoker. Most cigar smokers do not inhale. I suppose that if one did inhale, he would get lung cancer 10 times faster than a person who did not inhale.

Mr. COTTON. Pipe smokers, too.

Mr. MAGNUSON. Yes; if a pipe smoker were to inhale he would be more susceptible to lung cancer.

There are people who chew tobacco. There is nothing wrong with that. It just looks bad. [Laughter.]

All statistics show that people who smoke cigarettes get lung cancer, in some cases three times more than those who do not and the latest statistics show five times more. It is as simple as that.

Like the Senator from North Carolina, I do not know what causes cancer, but pollution in the air may add to it. Perhaps we could make a study of a fellow who goes out into the wilderness where there is no pollution in the air and smokes cigarettes and have the results compared with one who smokes cigarettes in a crowded city. Perhaps there may be some difference in the statistics. That is what this is all about.

We are not trying to stop smoking by direct legislation, and I must say that the tobacco industry has been very cooperative in this advertising matter. But the tobacco industry has come to the conclusion that, generally, there is a problem here, and I will say this on their behalf, that there is more research going on today in the United States, six to 10 times over what it was in the past because the industry is trying to develop a safe cigarette. But that takes time. People's tastes are different. I suppose if we started to smoke some kind of ground up coffee bean when we were young, we would get the same habit as if we were smoking cigarettes.

All we are trying to do here is to provide more time to work this thing out and protect people from being bombarded by media advertising. I hope that we do work it out.

We are not denying our people the right to smoke if they want to. But, the Federal Government has the responsibility, when it finds such a health hazard to label it for what it is; a hazard.

All the statistics show there is no argument about that. We have been trying for 50 years to determine the cause and find a cure for cancer. We are getting closer to a breakthrough. We have made progress in curing some kinds of cancer, but lung cancer has been on the increase and emphysema, also.

Mr. President, I do not believe that we should argue about medical research. I do not believe we in the Senate are competent to do this. There are many differences of opinion about it. The bulk of opinion, however, shows that cigarette smoking causes cancer. But all I know is that those who smoke cigarettes and inhale get lung cancer two to five times more often than those who do not smoke cigarettes. It is as simple as that.

Mr. COTTON. Mr. President, I yield 1 minute to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 1 minute.

Mr. BAKER. Mr. President, I have previously addressed the Chair regarding my amendment, and since then I have sent a copy of it to the Senator from Utah (Mr. Moss), and I understand that he is not agreeable to accepting it as a compromise to his amendment.

I rise merely to say, that being the case, I do not now intend to offer it.

My purpose was to have the version of the bill now before the Senate delete the word "excessive" from the intended labeling, "excessive smoking is dangerous to your health." I asked for a compromise, which the distinguished Senator from Utah has indicated he will not accept, to take out that word "excessive" and substitute the language "may be" for "is" so that the label would read, "Cigarette smoking may be dangerous to your health."

He is not agreeable to accepting that amendment. Therefore I wish to state that I do not intend to offer it at this point.

I shall vote against the proposed amendment of the Senator from Utah.

Mr. COTTON. Mr. President, I yield 2 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 2 minutes.

Mr. THURMOND. Mr. President, testimony is to be found on both sides of this

question. Research has been conducted, and is still being conducted. What the Commerce Committee did would appear to be reasonable, fair, and proper, and it seems to me we would be wise to follow the action of the Commerce Committee. Furthermore, if we can avoid so much Federal regulation in matters, I think it is better for the country and for our citizens.

The tobacco industry made a statement before the Commerce Committee which I think shows a very cooperative attitude: that with respect to all other advertising, they would avoid advertising directed to young persons, and would continue to abstain from advertising in school and college publications, would continue not to distribute sample cigarettes or engage in promotional activities on school and college campuses, would continue not to use testimonials from athletes or other celebrities who might have special appeal to young people, would avoid advertising that represented cigarette smoking as essential to social prominence, success, or sexual attraction, and would refrain from depicting smokers engaged in sports or other activities requiring stamina or conditioning beyond that needed for normal recreation.

It seems to me that the tobacco industry is leaning over backward to try to cooperate with the Congress in this matter. Certainly, this appears to be a reasonable attitude until we have definite results from the research being undertaken.

I hope the action of the Commerce Committee will be sustained.

Mr. COTTON. Mr. President, I yield 2 minutes to the Senator from Kentucky (Mr. COOK).

THE HOUSE CIGARETTE HEARINGS—A NEW LOOK AT SMOKING AND HEALTH

Mr. COOK. Mr. President, after 13 days of hearings and 1,807 pages of testimony, the House Interstate and Foreign Commerce Committee has produced a record that casts more than reasonable doubt on the case against cigarette smoking. Indeed, the record reflects an erosion of confidence in the "facts" of the antismoking case.*

But, committee members need solid facts as a basis for decision. One member told of seeing a colleague become so frustrated that he lit up a cigarette; "and the fellow does not even smoke," he added. Another suggested that the committee "investigate the investigators" to resolve the contradictions. A third called for "reopening" the Surgeon General's 1964 study of smoking and health, the basic indictment by the antismoking forces.

What happened to cause this reaction?

Like most people, committee members were well aware of the charges made against cigarette smoking. A constant barrage of antismoking commercials, newspapers stories, and pamphlets buttressed by one-sided reports from the Surgeon General created a bandwagon effect. And like most people, including most physicians, unfamiliarity with the actual scientific evidence led them to accept the notion that where there is cigarette smoke there must also be fire.

However, committee members, unlike the general public, were exposed by experts to the other side of the smoking and health controversy during the hearings. And this evidence was revealing. They heard much testimony that flatly contradicted popular views. For example, they learned:

That medical scientists are not solidly lined up against smoking.

That there are honest and wide differences of opinion among medical scientists about the importance of the reported statistical associations between cigarette smoking and various diseases.

That, according to a number of highly qualified expert witnesses, many reporting on their own research, there is no scientific evidence that cigarette smoking causes cancer and other diseases.

Committee members also learned—and to men in the process of lawmaking the disclosure must have been disquieting—that some of the tactics used against tobacco were below the belt.

Following are some excerpts of the evidence, which casts serious doubt on the theory that cigarette smoking causes disease. To most Americans it would come as a great surprise that such evidence even exists:

DOES SMOKING CAUSE LUNG CANCER?

"A person of true scientific discipline would never make a final judgment on the type of evidence presented in favor of the hypothesis." (Thomas H. Bren, M.D., Professor and Chairman, Department of Medicine of Southern California School of Medicine.)

After at least 30 years of experimental work, and many smoke inhalation experiments in animals, lung cancers of the most common, squamous cell human type have not been produced. It is usually difficult to prove a negative, but if cigarette smoke were a cause of lung cancer, it is indeed surprising that no animal experiments have succeeded in its production. (Sheldon C. Sommers, M.D., Clinical Professor of Pathology, Columbia University Medical College.)

The cause of cancer in humans, including the cause of cancer of the lung is unknown. (Victor Buhler, M.D., Associate Clinical Professor of Pathology and Oncology at University of Kansas School of Medicine, and former president of the College of American Pathologists.)

As of the present date, the cause of lung cancer remains unknown. (Duane Carr, M.D., Professor of Surgery, University of Tennessee College of Medicine.)

The statistical association between smoking and lung cancer is not indicative of cause and effect, because the clinical behavior of the disease does not permit this conclusion. (Hiram T. Langston, M.D., Professor of Surgery, University of Illinois College of Medicine and President of the American Association for Thoracic Surgery.)

As of 1969, our knowledge of the cause or causes of lung cancer remains primitive . . . To date the only evidence supporting this [cigarette smoking] hypothesis is statistical, and there are statistics which fail to support it. (William B. Ober, M.D., Associate Professor of Pathology, New York Medical College.)

DOES SMOKING CAUSE HEART DISEASE?

The incrimination that smoking causes or accelerates heart disease from atherosclerosis of the coronary arteries is wholly unwarranted. (William Evans, M.D., Former consulting physician The Institute of Cardiology, London, England.)

It is very doubtful that such a relationship exists. If heavy smokers suffer coronary thrombosis in a significantly greater proportion than non-smokers, the cause of the phenomenon could be related to the stress that usually goes together with the smoking habit. (Walter S. Priest, M.D., Emeritus Professor of Medicine at Northwestern University Medical School.)

The evidence I feel is still not strong enough for me to say within the criteria of causality . . . that there is cause and effect. (Surgeon General William H. Stewart.)

There is no proof that cigarette smoking causes [diseases of] coronary arteries . . . let's be sure we understand the American Heart Association position. We do not say that we have the data which says cigarette smoking causes coronary artery [disease]. (Campbell Moses, M.D., Medical Director, American Heart Association.)

It would be regrettable, if the impact of the prestige of the U.S. Public Health Service led scientists and the public to believe in and accept as firmly established facts which, on the basis of current knowledge, are speculative and lacking in scientific validity. The situation demands not special pleading but scientific truth, namely, what is reasonably established. And, certainly, it has not been reasonably established that cigarette smoking causes coronary heart disease. (Carl C. Seltzer, Ph. D., Senior Research Associate Harvard University School of Public Health.)

DOES SMOKING CAUSE EMPHYSEMA?

The cause or causes of emphysema are not now known. ("Special Report on Emphysema," National Institute of Allergy and Infectious Diseases, N.I.H.)

They stated [the 1964 Surgeon General's Advisory Committee] . . . that a relationship exists between pulmonary emphysema and cigarettes but it has not been established that this relationship is causal (Surgeon General William H. Stewart.)

I cannot find any actual evidence that . . . cigarette smoke or anything else, has a causal relationship to the development of this disease. (Edwin Rayner Levine, M.D., Associate Professor of Clinical Medicine, Chicago Medical School.)

Most authorities agree that emphysema presents a complex problem which awaits scientific explanation. (John P. Wyatt, M.D., Professor and Chairman, Department of Pathology, University of Manitoba.)

The "protagonists of the anti-smoking campaign" have refused to face this paramount question: "If it is true that we do not know what emphysema is and whence it originates, how can they maintain the claim that it is linked to cigarette smoking? How can their position be reconciled with scientific principles?" (Israel Rappaport, M.D., Former Associate Clinical Professor, Columbia University Medical School.)

Testimony such as this, flatly contradictory to "accepted" views, seriously undermined the major conclusions of the antismoking witnesses—and the underlying premise for further punitive legislation. It was not lost on the committee that among the witnesses quoted above were some notable opponents of smoking.

But further doubt arose as expert witnesses also exploded many of the supporting dogmas of the antismoking forces. Under scientific attack, a number

*HEW Secretary Finch himself noted some gaps in the "facts" on April 25, 1969, during the hearings, when he announced in a news release,

"I believe that industry and government working together offer great promise of finding the answers we need. I am confident our joint effort will yield a cooperative research program which strongly promotes the public interest."

of subsidiary assertions, which had bolstered the main charges and lent force to antismoking commercials were weakened. In effect, they were now ended with a question mark instead of an exclamation point.

Following are some of the newly raised questions:

DOES SMOKING TURN THE LUNGS BLACK? OR CAN DOCTORS TELL SMOKERS' LUNGS FROM NONSMOKERS LUNGS?

The knowledge of what the black pigment represents, namely carbon particles or coal dust, is know to every well trained second-year medical student, and . . . it is not possible to equate blackening of the lung to exposure to tobacco products. (Sheldon C. Sommers, M.D., Clinical Professor of Pathology, Columbia University Medical College.)

The color of the lung has to do with the matter of carbon, and I am unable to recognize the difference between a smoker and a non-smoker . . . and I have never been able to correlate it with the use of tobacco. (Hiram T. Langston, M.D., Professor of Surgery, University of Illinois College of Medicine, and President of the American Association for Thoracic Surgery.)

I would estimate that of a thousand pathologists in this country, 998 would say, "I could not tell," and the other two would say, "I could tell" and those who could tell either had some infinite intuition or are not telling the truth. (Irving Zeidman, M.D., Professor of Pathology, University of Pennsylvania School of Medicine.)

I have examined thousands of lungs—and I cannot tell you from examining a lung whether or not its former host had smoked . . . I state flatly and unequivocably and emphatically that cigarette smoke will not turn the lung black. (Victor Buhler, M.D., Pathologist, St. Joseph Hospital, Kansas City, Missouri.)

IS NOT EVERY SMOKER DAMAGED BY HIS SMOKING?

Not everyone gets cancer or heart disease. And of course, non-smokers, as well as smokers, get both. Indeed, it would appear that, as observed in the first massive review of the smoking research literature, the British Report of the Royal College of Physicians, "most smokers suffer no serious impairment of health or shortening of life as a result of their habit" . . . I hope it is well understood that no medical practitioner can advise patients they can avoid lung cancer or heart disease by not smoking. (Bernice C. Sachs, M.D., Seattle Mental Health Institute.)

To experienced physicians who examined and observed so many heavy smokers, the most astonishing feature of the present issue over the effects of smoking must be the current trend to simply ignore the overwhelming evidence presented by the tens of millions of smoking men and women going through life without any signs or symptoms of damage to their lungs from many years of smoking—even heavy smoking. (Israel Rappaport, M.D., Former Associate Clinical Professor, Columbia University Medical School.)

If cigarettes were the cause of lung cancer, I believe we would have an incidence many times greater than we do now, and would not encounter the disease in nonsmokers. (H. Russell Fisher, M.D., Professor of Pathology, University of Southern California School of Medicine.)

IS THERE A LUNG CANCER EPIDEMIC?

The increase in the incidence of lung cancer in the United States . . . reflects the growing and aging population of this country. The apparent increase is also reflected in the increased expertise and improved diagnostic abilities of the medical profession. The increase in the number of members of my own specialty in medicine (Pathology) is directly responsible for some of the apparent increase. (H. Russell Fisher, M.D., Professor of Pathology, University of Southern California School of Medicine.)

Changes in classification of disease have contributed to much of the reported increase in diseases such as lung cancer. (Duane Carr, M.D., Professor of Surgery, University of Tennessee College of Medicine.)

In 1900, the combined crude death rate for respiratory diseases in the United States exceeded 450 per 100,000 but there were no death rates recorded for lung cancer. If only a small percentage of the death attributed to tuberculosis, pneumonia, bronchitis or influenza had been incorrectly diagnosed and were, in actuality, cases of lung cancer, there would be relatively little increase in the prevalence of this disease during the past half century.

The concept that cancer of the lung is a new disease and a byproduct of modern civilization is false and those who promulgate this thesis are misleading the public. The disease was a well known entity for a century before the era of widespread cigarette smoking. The only thing new is our ability to diagnose it before autopsy. (Milton B. Rosenblatt, M.D., President, Medical Board, Doctors Hospital, New York.)

An important aspect of present trends in this country, which is generally ignored, is the declining rate of increase. If this feature of the trend continues, the disease will reach its peak among the white male population in the foreseeable future (1983) and then start to decline. (A. G. Gilliam, M.D., of the National Cancer Institute.)

The observed decline in the rate of increase of lung cancer is exactly what one would expect, however, if the reported increase were due to constantly improving detection of this disease—or of any other for that matter. (Thomas H. Brem, M.D., University of Southern California.)

DOES NOT GIVING UP SMOKING MAKE ONE HEALTHIER?

Even if cigarette smokers, as a group, did not smoke, there still would be a higher proportion of persons with primary cancer of the lung, or coronary heart disease, if you wish, among them than among non-smokers, as a group, since constitutionally they are more disposed to the disease. (George L. Saiger, M.D., Former Associate Professor of Epidemiology, Columbia University.)

The same higher coronary rate was observed in former cigarette smokers as in all current moderate and heavy smokers . . . the incidence of symptomatic infarction was as great in former cigarette smokers as it was in current smokers and was as great in former cigarette smokers as in men smoking more than one pack daily. (Ray Rosenman, M.D., Director, Western Collaborative Study of Coronary Heart Disease.)

[From data in the HEW survey of smoking and illness] consistent pattern is quite obviously apparent. For all categories, present smokers have a much lower incidence [of disease and disability] than do former smokers. (Theodor D. Sterling, Ph.D., Professor of Applied Mathematics and Computer Science, Washington University.)

IS NOT CIGARETTE SMOKING ADDICTIVE?

We would disagree with the contention that cigarette smoking is "physiologically addictive." (Surgeon General William H. Stewart.)

In no sense, pharmacological sense, can one talk about smoking being addictive. (Arthur Furst, Ph.D., Director, Institute of Chemical Biology, University of San Francisco.)

Physical dependence does not develop either to nicotine or other constituents of tobacco. (Charles Hine, M.D., Ph.D., Clinical Professor of Pharmacology and Preventive Medicine, University of California School of Medicine.)

Some confusion arose through use of the word "addiction" in connection with tobacco use. By generally accepted World Health Organization criteria, smoking tobacco is not considered an addiction. (Sheldon C. Sommers, M.D., Director of Laboratories, Lenox Hill Hospital, New York.)

DOES NOT CIGARETTE SMOKING CAUSE EXCESS DEATHS, SHORTEN LIFE, AND INCREASE MORBIDITY?

I know of no such figures which show a higher mortality rate for smokers than nonsmokers, without ambiguity, without difficulties of interpretation, and without leaning very heavily upon a selected number of instances for presentation and hiding some of the others which are probably just as important or just as controversial. (Theodor D. Sterling, Ph.D., Professor of Applied Mathematics and Computer Science, Washington University.)

The widely publicized accusations of hundreds of thousands of deaths caused by cigarettes and of shortening of life expectancy a specific number of minutes per cigarette smoked are fanciful extrapolations and not factual data. (Milton B. Rosenblatt, M.D., President, Medical Board Doctors Hospital, New York.)

Many figures were cited concerning 30,000 or 50,000 or 260,000 persons per year having or dying from lung cancer or the other diseases being considered. Since it is not known what the causes of lung cancer, coronary heart disease, or bronchopulmonary disease are, the multiplication of numbers does not contribute to understanding them any better. (Sheldon C. Sommers, M.D., Director of Laboratories, Lenox Hill Hospital, New York, New York.)

Mr. Preyer: "So you can say there is no significant difference in the mortality rate of smoking and non-smoking twins."

Dr. Cederlof: "Yes . . ."

Mr. Preyer: "Then there is no evidence that non-smoking twins live longer than smoking twins?"

Dr. Cederlof: "No."

(Rune Cederlof, Ph. D., Associate Professor, National Institute of Public Health, Stockholm.)

The [Public Health Service] Morbidity Report expressly conceded that errors in some of the results were too large to permit meaningful conclusions; at the same time conclusions from these results were advanced. This type approach is not scientific, but shows bias and desire to reach predetermined conclusions . . .

[The Public Health Service] has gone even further in using portions of the Morbidity Report, often out of context, as the basis for a condensed propaganda pamphlet entitled "Smoking and Illness." This pamphlet boldly ignores even those inherent limitations acknowledged in the Morbidity Report. It flatly, and without qualification, asserts precisely how much illness and disease is due to smoking. Nowhere does the pamphlet disclose that the basic data included no medical diagnoses by doctors but only self and proxy diagnoses by lay men. In light of this Critique, the further use and compression of the Morbidity Report in this pamphlet can only be regarded as a dangerous and misleading deterrent to further scientific study. (John W. Sawyer, Ph. D., Professor of Mathematics, Wake Forest University.)

If the contradictory testimony of medical experts raised doubts among committee members, their puzzlement was increased by concessions coming, oddly enough, from the antismoking witnesses. For example:

Paul Rand Dixon, Chairman of the

Federal Trade Commission was told "it has never been proven medically, the causal connection between the inhalation of smoke and lung cancer. You know that, do you not?" and he said, "Yes, sir."

No witness disagreed that the type of lung cancer associated with smoking has never been induced in animal inhalation experiments, despite more than 30 years of efforts and many reams of publicity intimating otherwise.

Dr. William H. Stewart, of Public Health Service, testified:

I have never stated a cause and effect between (cigarette smoking) and heart disease.

Dr. Campbell Moses, of the Heart Association said:

There is no proof that cigarette smoking causes coronary artery disease.

His colleague, Dr. Lewis January, said:

There was no specific causal relationship.

Dr. Stewart quoted the National Institute of Allergies and Infectious Diseases as having "stated that a relationship exists between pulmonary emphysema and cigarettes but it has not been established that this relationship is causal."

Dr. John Gompertz, of the Tuberculosis and Respiratory Diseases Association, testified that—

The cause of emphysema is not clearly understood.

Asked if it was "not known," he said:

That is true.

Dr. Robert Browning, his colleague, said "we have not any valid statistics yet available" on emphysema.

Doubt, however, was not the only reaction among committee members. Many were understandably concerned that evidence marshaled against cigarette smoking appeared to be patently one sided. Some felt that they, along with the public, had been taken on a "bandwagon" ride. Expert witnesses agreed that both were indeed possibilities.

Some observations on one-sided reporting of research:

I have been disappointed in my failure to find in the Surgeon General's Report of 1964 and in the 1967 HEW Report to Congress, The Health Consequences of Smoking, a discussion of the published reports of those that disagree with their conclusions. (R. H. Rigdon, M.D., Professor of Pathology, University of Texas.)

Then I read the [Surgeon General's 1964] report and I realized what had happened. They had simply done a selective review of the literature. They had not investigated all aspects. The report simply didn't cover the entire field, in my opinion. It was a disappointment. (Sheldon C. Sommers, M.D., Director of Laboratories, Lenox Hill Hospital, New York.)

People who tell you that cigarette smoking causes lung cancer do not like to be reminded of [conflicting] data. In fact, they were not included in the last Surgeon General's report on "Smoking and Health."

I am sorry that the publication presented only one side of the picture. (William B. Ober, M.D., Director of Laboratories, Knickbocker Hospital, New York)

Doctors don't know any more about it than anybody else does. They pick up a headline in the newspapers and they know as much as any lay person. This is a highly specialized area . . . The Public Health Service I regret to say, uses misleading data. It is true, but it is not the whole truth. (Milton B. Rosenblatt, M.D., President, Medical Board, Doctors Hospital, New York.)

I think that the attitude of many of my associates in the medical profession is that there are so many things that they have to look into that I doubt if any great percentage have devoted the time and effort to investigating the actual background information, and have tended to . . . accept what is handed them. (Hiram T. Langston, M.D., Professor of Surgery, University of Illinois College of Medicine.)

[Scientists] absorb the general ideas about smoking that is going on in the world around them . . . just because you are a scientist or just because you are a doctor doesn't put you in much better position to know any better than anyone if you don't look at the facts. (Arthur Furst, Ph.D., Director Institute of Chemical Biology, University of San Francisco.)

[The majority of physicians] have to rely upon published reports and attach some significance . . . to reports of the Surgeon General . . . the number is rather small who have either the time or the inclination to cover the experimental literature. (Duane Carr, M.D., Professor of Surgery, University of Tennessee College of Medicine.)

I am perfectly sure that if you poll the doctors of this country you would get a very strong majority who believe what the Public Health Service Report says, and that there is substantial proof of the causality relationship. But I think there is only one in 10,000 doctors in this country who really has read the papers and evidence on the other side. (Thomas H. Brem, M.D., Professor and Chairman, Department of Medicine, University of Southern California.)

On the "bandwagon" effect:

Unfortunately, many supposedly well informed officials in the Public Health Service and certain voluntary health organizations have permitted their emotionalism and zeal to outdistance the actual scientific knowledge and proof. This has resulted in misleading the public into believing there is proof where none exists. A bandwagon effect has resulted even in the medical and scientific community where too many have accepted the pronouncements of dedicated zealots, lacking the time to examine the scientific basis, or lack of it, for such pronouncements. (Duane Carr, M.D., Professor of Surgery, University of Tennessee College of Medicine.)

There is such an emotion-laden question here, there is so much bias, that one is in danger of being ostracized by his colleagues in the scientific community if his data doesn't fall in step with preconceived notions.

Yet, I feel that because a stone started rolling down a hill, people have continued to take up this crusade—the word I chose to use—with really no evidence, but just the momentum of a stone rolling down a hill . . . . If one wants to be a crusader and remove a social habit from our environment which some people find distasteful they choose a very emotion-laden illness to pin it on to make it easier to get their job done. (Ronald Okun, M.D., Director of Clinical Pharmacology, Cedars-Sinai Medical Center, Los Angeles, California.)

By the time the hearings ended, committee members were inclined to agree with Representative RICHARDSON PREYER, of North Carolina, who observed:

I think it was Mark Twain who said, "It's not what we don't know that hurts us. It's what we know that isn't so."

When we talk about words to go on a package that no one ever reads, it is a rather amazing colloquy we hear on the floor of the Senate.

Mr. COTTON. Mr. President, I yield myself 1 minute.

I had hoped we could agree on this, both to save the time of the Senate so we could complete our business tonight, and because it would be a logical agreement. With respect to the warning provided by the House, if accepted, it would once and for all take it out of conference. But Senators who feel deeply on this want to vote it up or down on the amendment offered by the distinguished Senator from Utah. I think Senators should know that the vote in the committee was 10 to 9, I believe, on the adoption of the present language.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COTTON. I yield myself 1 minute.

The present language is "Excessive Cigarette Smoking Is Dangerous to Your Health."

Frankly, I think we are debating the difference between tweedle-dee and tweedle-dum. The people of this country know about the developments with respect to the dangers of cigarette smoking. We already have some kind of warning on every package of cigarettes. Whether it is that language or whether the words "May Be" or "Excessive" are used, it will all sink into the landscape. People will soon become accustomed to it. It, therefore, is not quite as vital as it would seem from the debate on the floor.

I think there is a real point in the suggestion of some of my colleagues that unless it is carefully drawn up, it might result in litigation.

I think we can vote on the question. I am willing to yield back my time.

Mr. MOSS. Mr. President, I yield myself 3 minutes.

Mr. President, the warning that the Commerce Committee first provided was taken right out of the warning that the House provided— the central four or five words. Then the Commerce Committee, at a later meeting, added the word "excessive," and it was put in there by a vote of 10 to 9. The Senator is correct in that.

I say to my colleagues that not even the House, which is characterized as being so sympathetic to the tobacco industry, thought of putting the word "excessive" in there. I have tried to show my colleagues that all cigarette smoking is dangerous. It does not have to be excessive. Every cigarette smoked has some dangerous effect. Therefore, the warning words that will be in the bill, if my amendment should carry, will be simply: "Warning: Cigarette Smoking Is Dangerous to Your Health."

Let me say one word about the matter the Senator from New Hampshire raised, whether there may be a question of liability flowing from this. It seems to me the tobacco industry would be better off with a direct warning on the package, because then there would be an assumption of risk. If a company sells a person a pack of cigarettes which says, "Cigarette Smoking Is Dangerous to Your Health," that person assumes the risk of going ahead, and I do not think there would be liability on the part of the industry. The chance of liability grows as the warning is decreased. Therefore, it would be in the interests of the tobacco

industry as well as the person who is smoking, to have the direct honest warning, "Cigarette Smoking Is Dangerous."

So I think it would be much more preferable to require direct warning, as the House did, and get away from the ambiguous wording that it "may be" dangerous to one's health.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MOSS. Mr. President, I yield 2 minutes to the Senator from Louisiana.

Mr. ELLENDER. I have a letter dated November 14, 1969, from Dr. Alton Ochsner, the great lung cancer surgeon, who states that he thinks the word "excessive" should be striken from the recommended language of the committee, "Excessive Cigarette Smoking Is Dangerous to Your Health."

I am wondering if there is any definition in the bill as to what "excessive" means.

Mr. MOSS. There is none at all. It is just a word standing alone.

Mr. ELLENDER. I asked a Senator awhile ago what "excessive" might mean. He related a definition from an old mountaineer who said "excessive smoking" might be defined as a person smoking two cigarettes at one time.

If the word "excessive" remains in the bill, I am wondering if we should not have a definition of "excessive," because the truth is that any smoking itself is bad. I am just wondering if the Senator does not believe there ought to be a definition of the word "excessive" if it remains in there. But it ought not remain in.

Mr. MOSS. I think what the Senator suggests is certainly rational and reasonable. I do not know what "excessive" is, but if the Senator will look at the chart, he will see that persons who smoke simply from one to nine cigarettes a day have a death rate twice as high as the nonsmokers. So if one to nine is excessive, I think he gets the warning; but if one to nine is not excessive, then he would not get the warning.

I think "excessive" should be dropped.

Mr. ELLENDER. Mr. President, will the Senator yield to me for a unanimous consent request?

Mr. MOSS. I am happy to yield for that purpose.

Mr. ELLENDER. I ask unanimous consent to have printed in the RECORD a letter to me from Dr. Alton Ochsner of the Ochsner Clinic in New Orleans, La., dated November 14, 1969, and my reply thereto.

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

OCHSNER CLINIC,
New Orleans, La., November 14, 1969.

Hon. ALLEN J. ELLENDER,
Senate Office Building,
Washington, D.C.

DEAR ALLEN: I understand the Senate is going to consider the cigarette labeling act, which has been passed by Committee. I think the recommendation of the Committee is wrong in two respects, first, cigarette packages are to read: "Excessive cigarette smoking is dangerous to your health." I think the word "excessive" should be deleted because all cigarette smoking is dangerous to health. Then, too, I think the Federal Trade Commission should not be prohibited from requiring a health warning in cigarette advertisements before July 1, 1972. There should be no limitation placed on the Federal Trade Commission and rather than ban the broadcast advertising of cigarettes starting July 1, 1971, I should like to see a substitution of the anti-trust exemption for outright ban on broadcast advertising.

As you know, as a physician, I have been very much concerned about the health hazards of tobacco. The Surgeon General of the Public Health Service has stated that it is the greatest public health hazard we have, and I should like to see something done to control the sale of tobacco.

With kind personal regards.

Sincerely yours,

ALTON OCHSNER, M.D.

DECEMBER 9, 1969.

Dr. ALTON OCHSNER,
Ochsner Clinic,
New Orleans, La.

DEAR ALTON: I have received your recent letter, and as always, it was a pleasure hearing from you.

In reference to your concern over the cigarette labeling act, legislation covering this important matter was reported on Friday by the Senate Commerce Committee but has been re-referred to the Senate Finance Committee for further study.

Please be assured that I will study the matter further and bear your sensible suggestions in mind when this bill comes to the Senate floor for vote.

With kindest personal regards, and my warm wishes for a Merry Christmas season, I am

Sincerely yours,

ALLEN J. ELLENDER,
U.S. Senator.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOSS. Mr. President, I am ready to yield back the remainder of my time.

Mr. COTTON. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Utah (Mr. Moss). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. RIBICOFF (when his name was called). Mr. President, on this vote I have a pair with the Senator from Missouri (Mr. SYMINGTON). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

Mr. GRIFFIN (when his name was called). Mr. President, on this vote I have a pair with the Senator from Arizona (Mr. GOLDWATER). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. PASTORE (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from North Carolina (Mr. JORDAN). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withdraw my vote.

Mr. METCALF (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from Indiana (Mr. HARTKE). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withdraw my vote.

Mr. RANDOLPH (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from Illinois (Mr. SMITH). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withdraw my vote.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Nebraska (Mr. CANNON), the Senator from Tennessee (Mr. GORE), the Senator from Indiana (Mr. HARTKE), the Senator from North Carolina (Mr. JORDAN), the Senator from Louisiana (Mr. LONG), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. MUSKIE), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Vermont (Mr. PROUTY) and the Senator from Illinois (Mr. SMITH) are necessarily absent.

Also, the Senator from Oregon (Mr. HATFIELD), the Senator from Delaware (Mr. BOGGS), and the Senator from Ohio (Mr. SAXBE) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) and the Senator from Vermont (Mr. AIKEN) are absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Maryland (Mr. MATHIAS) and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

If present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The respective pairs of the Senator from Arizona (Mr. GOLDWATER) and that of the Senator from Illinois (Mr. SMITH) have been previously announced.

On this vote, the Senator from Delaware (Mr. BOGGS) is paired with the Senator from Oklahoma (Mr. BELLMON). If present and voting, the Senator from Delaware would vote "nay" and the Senator from Oklahoma would vote "yea."

The result was announced—yeas 38, nays 35, as follows:

[No. 229 Leg.]

YEAS—38

Bayh	Goodell	Moss
Bennett	Harris	Nelson
Brooke	Hart	Packwood
Burdick	Hughes	Pell
Byrd, W. Va.	Inouye	Percy
Case	Jackson	Proxmire
Church	Javits	Schweiker
Cranston	Kennedy	Smith, Maine
Dodd	Magnuson	Sparkman
Eagleton	Mansfield	Williams, N.J.
Ellender	McCarthy	Williams, Del.
Fong	McGee	Young, Ohio
Fulbright	Mondale	

NAYS—35

Allen	Cook	Dominick
Allott	Cooper	Eastland
Baker	Cotton	Ervin
Bible	Curtis	Fannin
Byrd, Va.	Dole	Gravel

Gurney	McIntyre	Spong
Hansen	Miller	Stennis
Holland	Montoya	Stevens
Hollings	Murphy	Talmadge
Hruska	Pearson	Thurmond
Jordan, Idaho	Russell	Tower
McClellan	Scott	

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—5

Griffin, for.
Metcalf, for.
Pastore, for.
Randolph, for.
Ribicoff, for.

NOT VOTING—22

Aiken	Hatfield	Saxbe
Anderson	Jordan, N.C.	Smith, Ill.
Bellmon	Long	Symington
Boggs	Mathias	Tydings
Cannon	McGovern	Yarborough
Goldwater	Mundt	Young, N. Dak.
Gore	Muskie	
Hartke	Prouty	

So Mr. Moss' amendment was agreed to.

Mr. MANSFIELD. Mr. President, if I may have the attention of the Senate, it is my understanding that there is one more amendment to be offered.

Would the distinguished Senator from Utah offer his amendment at this time?

AMENDMENT NO. 411

Mr. MOSS. Mr. President, I call up Amendment No. 411 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 6, strike out lines 3 through 7, and insert in lieu thereof the following:

"ANTITRUST EXEMPTION

"SEC. 6. The antitrust laws, as defined in the first section of the Act of October 15, 1914 (38 Stat. 730; 15 U.S.C. 12), and the Federal Trade Commission Act (38 Stat. 719; 15 U.S.C. 44), shall not apply to any joint agreement by or among persons engaged in the manufacture or sale of cigarettes to refrain from or to restrict the advertising of cigarettes: *Provided, however,* That any such joint agreement shall apply equally to all persons engaged in the medium of communications to which such agreement is applicable."

Mr. MANSFIELD. Mr. President, may I have the attention of the Senate.

It is to be hoped that Senators will remain on the floor, because there may or may not be a roll call vote on the pending amendment. There may not be a roll-call vote on final passage. I do not know.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on the pending amendment there be a time limitation of 20 minutes, the time to be equally divided between the Senator from Utah (Mr. Moss) and the Senator from New Hampshire (Mr. COTTON).

The PRESIDING OFFICER. If there is no objection, it is so ordered.

Mr. PASTORE. Mr. President, since we are staying here until 8 o'clock, does the majority leader not think that we should have the yeas and nays on final passage?

I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

Mr. MOSS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Utah is recognized for 5 minutes.

Mr. MOSS. Mr. President, if the Senate will give me its time, I think I can explain the amendment very briefly.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senator will suspend. The Senate will be in order.

The Senator may proceed.

Mr. MOSS. Mr. President, my amendment would change section 6 in the bill. I think I can explain very briefly what the rationale behind the amendment is.

It does not make a great deal of difference as to the time when this ban on broadcast advertising becomes effective whether the amendment would carry or whether the language of the bill would prevail. Therefore, I do not present it on that basis at all.

As a matter of fact, I can say that I simply present it so that the Senate may decide which course it wants to follow in this circumstance. Either one is acceptable to me.

At the present time the bill provides that on January 1, 1971, it shall become unlawful to advertise cigarettes on television or radio. In other words, Congress by laying down the ban and enacting the law says that it becomes unlawful on that date.

My amendment would revert to the original subcommittee draft which took into account the offer made, first of all by the broadcasting companies when they offered to phase out advertising over a 3- or 4-year period of time and then by the cigarette companies when they appeared before the subcommittee saying, and pledged to voluntarily forego advertising cigarettes on TV and radio, upon one condition—the condition that they be given protection against antitrust suit, for having arrived at the agreement, in concert, to go off advertising. In effect they told us, "We are in a competitive business. Therefore, if we have the antitrust exemption, we will go off at the end of our next contract year, which will be September 1970."

That is why I say there is a difference of only 3 or 4 months.

Now, what is the distinction? I want the Senate to understand it. If we stay with the committee bill, we in Congress take it upon ourselves to say it is unlawful now to advertise a product that we have not outlawed or banned in any way. It is still a lawful product. It is lawful to raise it and to smoke it. We have just chosen to say it is unlawful to advertise it. I think it raises several questions.

The question might be litigated as to whether this can be done to a lawful product, unless we find it to be contraband in some way. I do not go into that in any depth.

I think it is a precedent that the broadcast companies would not like to see begun in this body. If we pick out cigarettes and say, "You cannot advertise them," then Congress might pick out something else we thought was dangerous and say, "You cannot advertise that," without ever making it contraband.

If we take the other route of giving antitrust immunity, we have allowed the industry to regulate itself. They came forward voluntarily. There has been a great deal of talk going on, but they came forth. First the broadcasters; and then the tobacco companies came forth and said, "We will voluntarily go off." The only thing the tobacco companies asked for was antitrust immunity on this one narrow facet, as to whether or not they might have to defend themselves against an antitrust action for having reached this agreement.

I believe that the voluntary way is the better way, and therefore I present that for the consideration of the Senate.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MOSS. I yield myself 2 additional minutes.

If Senators believe that the voluntary way is a better way, that they are willing to extend this antitrust immunity for this one narrow purpose, they should vote "aye" on the amendment. If Senators believe the other way, that we should take the bit in our teeth and say, "We have made the decision and we will now declare it unlawful on a given date," then they should vote "no."

I would not consider it either a victory or a defeat no matter what happens, so long as the Senate knew what it was voting on.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MOSS. I yield.

Mr. PASTORE. I understand that this immunity will expire on January 1, 1971.

Mr. MOSS. It does not have an expiration date.

Mr. PASTORE. But if it is unlawful after January 1, 1971, therefore it is compulsory after that date; so that voluntary element would only last up until then, would it not?

Mr. MOSS. No. It puts this language in place of the mandatory language.

Mr. PASTORE. On the determining date?

Mr. MOSS. That is correct. The cigarette companies said, "We want to go off in September 1970." In effect, the committee extended that date a little.

Mr. PASTORE. Suppose the cigarette companies do not agree to get together? This thing could go on and this bill would not mean a thing, would it?

Mr. MOSS. They have already agreed——

Mr. PASTORE. Either there is going to be a law or there is not. If it is made voluntary completely, it means that if they never agree, this bill will have no effect. Am I right or wrong?

Mr. MOSS. I think the Senator is wrong.

Mr. PASTORE. Will the Senator tell me how I am wrong?

Mr. MOSS. They have come in and represented before the committee, with authority to speak for every cigarette manufacturer, and have said, "On this condition, we will go off."

Mr. PASTORE. They can always change their minds. The date of January 1971 should be left in there, and they

should be given the immunity in between. In other words, if it is the desire to bring it to an end before then by agreement, all right; but if they do not agree, it has to terminate on January 1, 1971, or we have wasted 3 hours tonight.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MOSS. I yield myself 2 additional minutes.

As I have said, I think either one would accomplish the basic purpose of all the bill. The voluntary withdrawal of the tobacco companies is akin to the arrangement that has been made by the distillers who, by agreement, have withheld the advertising of distilled liquors on television. This has held up for years and years, and there never has been any problem with it. I do not think it can be said in any way that it would break down, that they would go back on their word. They are on the record as saying it.

Mr. President, rather than being an advocate for this, I simply would like to present it, because I would like the Senate to understand that there are two ways to go. I think one is better. I think both get us to the same destination.

Mr. COTTON. I yield myself 5 minutes.

Mr. President, if I can have the attention of the Senate, I think I can provide some useful background on this issue. I was the author of the amendment written into section 6 of the bill now before the Senate.

It is perfectly true that persons who represented a major part of the cigarette industry—or indicated that they did represent them—but who did not claim that they represented all of the industry, came before the committee. I give them credit. They very generously and graciously said that we did not need legislation, because they were willing to agree voluntarily, on behalf of the industry, to terminate broadcast advertising in September 1970. The reason why they were willing to do so on that date was that most contracts for radio and television time terminate in September.

Some of us on the Committee on Commerce—and I was one of them, because I gave my proxy on that earlier vote—extended the time too long 4 years ago, when we stayed the hands of the Federal Trade Commission for 4 years. We were criticized—not all the committee—those of us who were to blame for that. We were criticized, and I say frankly that we were justly criticized.

Now we come again to the same issue. It is my position that the time has come when the country expects Congress to assert itself. We can talk all we want about setting a precedent with respect to other products, be it liquor of whatever. But the fact remains that during those years the case had been made all over this country about the health hazard in connection with cigarette smoking. The time had come, so that the industry itself—and I want to give them credit for it—very generously and justly realized it and were willing to stop advertising on radio and television. It is particularly bad on television, which is watched by many young people—children and teenagers.

But it was my intention—and it turned out to be the opinion of the majority of the committee—that, first, we should not even take the same date that the industry offered, because then people would say the committee and Congress waited until the tobacco people came around of their own accord and said, "It's all right, boys; go ahead and legislate, and we'll fix the date. It will be September 1970."

I said in the committee that the Congress should assert itself and set the date. This was January 1, 1971, as set forth in my amendment adopted by the committee. Thus, Congress, not the industry or by anybody else, set the date.

Furthermore, it avoided the necessity of providing an exemption from the antitrust laws.

The PRESIDING OFFICER (Mr. ALLEN in the chair). The time of the Senator has expired.

Mr. COTTON. Mr. President, I yield myself 1 additional minute.

Representatives from the Department of Justice came up and expressed the view that it is a poor precedent to keep making exemptions to the antitrust laws. It should not be done unless it is absolutely necessary.

I have great respect for the Senator from Utah, but the time has come for Congress to assert itself. The time has come for Congress to say that it will fix the date stopping cigarette advertising on radio and television as we have on this floor tonight. The time also has come to examine and to consider the effect of other forms of advertising.

But however, even as we recognize the goodwill of the industry and its willingness to voluntarily stop broadcast advertising, let us put it in the law so that the American people will know that Congress set the date after which cigarette broadcast advertising is prohibited. Let it become law and put an end to this situation which has been so irritating and vexing for so long. I hope in the interest of clarity, in the interest of firmness of purpose, and in the interest of laying to rest this problem we will reject the amendment of the Senator from Utah and stand by the bill as reported by our Committee on Commerce on this issue.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BAKER. Mr. President, will the Senator yield to me for 5 minutes?

The PRESIDING OFFICER. The Senator from New Hampshire has 4 minutes remaining.

Mr. COTTON. Mr. President, I yield 3 minutes to the Senator from Tennessee and save 1 minute for myself.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 3 minutes.

Mr. BAKER. Mr. President, I intend to support the position of the committee and oppose the amendment by the distinguished Senator from Utah. I think it is imperative that we realize what we are doing.

As far as I know we are now proposing by statute to ban advertising of a lawful product on the electronic media, which may or may not be lawful under the first amendment, but in any event, I intend to support it because I agree with the Senator from New Hampshire that it is a straightforward approach to a matter of public policy.

I would point out that if we do not support the committee version we are going to run into a terrible thicket. It occurs to me that the original proposition for discontinuance of cigarette advertising on radio and television forthcoming from the broadcasting industry provided for the withdrawal of that advertising by September 1, 1973. Beyond that the networks indicated this would be binding only on those stations which were code stations. The tobacco industry indicated they were willing to stop September 1, 1970. Then, there was the discussion of 1971. Finally the proposal by the Senator from New Hampshire (Mr. COTTON) provides a mandatory cutoff January 1, 1971, a distinct independent date.

Mr. President, it is interesting to me that the testimony before the committee and the subsequent correspondence indicates that the tobacco industry is willing to discontinue cigarette advertising on radio and television on December 31, 1969, so there is no resistance here by the tobacco industry. That is a foregone conclusion.

The sooner we get at the business of enunciated public policy the better off we will be, bearing in mind we are doing what we have never done before, and that is prohibiting the advertising of a lawful product. I think that in this field we should give consideration and thought.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BAKER. Mr. President, will the Senator yield to me for 30 additional seconds?

Mr. COTTON. I yield.

Mr. BAKER. In this field we should continue to give consideration and thought to making helpful warnings and prohibitions for beer, sleeping tablets, and any number of other substances that are hazardous to the health and much more hazardous to the health in many respects than cigarette smoking.

Mr. COTTON. Mr. President, I yield myself the remaining 30 seconds.

I recognize all that the Senator from Tennessee has said concerning the possible consideration of other products. But, let us first dispose of the measure before us tonight.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. COTTON. I have no time remaining.

Mr. MOSS. I yield 1 minute to the Senator.

Mr. PASTORE. Mr. President, so that the record is straight, there is no advertising on television or radio of whisky. I do not know where you got that idea. There is absolutely none. The minute it happens we will do the same thing as we are doing with cigarettes.

Mr. HART. The whisky people do not need antitrust exemptions.

Mr. PASTORE. I do not care about that.

Mr. HART. I do.

Mr. PASTORE. I say there is no advertising of whisky on television and if it happens PASTORE will be the first to stop it.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from Utah.

Mr. MOSS. Mr. President, I ask unanimous consent that I may proceed for 30 seconds.

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

Mr. MOSS. Mr. President, I wanted to present these thoughts to the Senate. No one spoke in favor of the amendment; there was only my explanation of it. As I said, I think we achieve our prime objectives either way.

Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

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

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. MOSS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have already been ordered.

The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Nevada (Mr. CANNON), the Senator from Tennessee (Mr. GORE), the Senator from Indiana (Mr. HARTKE), the Senator from North Carolina (Mr. JORDAN), the Senator from Louisiana (Mr. LONG), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Maine (Mr. MUSKIE), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH), are necessarily absent.

On this vote, the Senator from Nevada (Mr. CANNON) is paired with the Senator from North Carolina (Mr. JORDAN). If present and voting, the Senator from Nevada would vote "yea" and the Senator from North Carolina would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. GOODELL), the Senator from Vermont (Mr. PROUTY) and the Senator from Illinois (Mr. SMITH) are necessarily absent.

Also, the Senator from Oregon (Mr. HATFIELD), the Senator from Delaware (Mr. BOGGS) and the Senator from Ohio (Mr. SAXBE) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) and the Senator from Vermont (Mr. AIKEN) are absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Maryland (Mr. MATHIAS) and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

If present and voting, the Senator from Oklahoma (Mr. BELLMON), the Senator from Delaware (Mr. BOGGS), the Senator from Arizona (Mr. GOLDWATER), the Senator from New York (Mr. GOODELL), the Senator from Oregon (Mr. HATFIELD) and the Senator from Illinois (Mr. SMITH) would each vote "yea."

The result was announced—yeas 70, nays 7, as follows:

[No. 230 Leg.]

YEAS—70

Allott	Griffin	Nelson
Baker	Gurney	Packwood
Bayh	Hansen	Pastore
Bennett	Harris	Pearson
Bible	Hart	Pell
Brooke	Hruska	Percy
Burdick	Hughes	Proxmire
Byrd, W. Va.	Inouye	Randolph
Case	Jackson	Ribicoff
Church	Javits	Russell
Cooper	Jordan, Idaho	Schweiker
Cotton	Kennedy	Scott
Cranston	Magnuson	Smith, Maine
Curtis	Mansfield	Sparkman
Dodd	McCarthy	Spong
Dole	McClellan	Stennis
Dominick	McGee	Stevens
Eagleton	McIntyre	Talmadge
Eastland	Metcalf	Tower
Ellender	Miller	Williams, N.J.
Fannin	Mondale	Williams, Del.
Fong	Montoya	Young, Ohio
Fulbright	Moss	
Gravel	Murphy	

NAYS—7

Allen	Ervin	Thurmond
Byrd, Va.	Holland	
Cook	Hollings	

NOT VOTING—23

Aiken	Hartke	Prouty
Anderson	Hatfield	Saxbe
Bellmon	Jordan, N.C.	Smith, Ill.
Boggs	Long	Symington
Cannon	Mathias	Tydings
Goldwater	McGovern	Yarborough
Goodell	Mundt	Young, N. Dak.
Gore	Muskie	

So the bill (H.R. 6543) was passed.

Mr. MOSS. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. INOUYE. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, the cigarette bill just adopted by the Senate will serve as a splendid monument to the hard work and devoted efforts of two outstanding Senators. I refer, of course, to the able and distinguished chairman of the Committee on Commerce, the Senator from Washington (Mr. MAGNUSON) and to the distinguished Senator from Utah (Mr. Moss). Both of these Senators have played a vital role in assuring public awareness of the health implications of tobacco. Senator MAGNUSON has long been an advocate of consumer interests. Surely there is no interest more vital to the consumer than knowing about potential health hazards from cigarette smoking.

In similar fashion, the Senator from Utah has taken up the banner in behalf of a more aware public on the issue of cigarette smoking. His amendments on this measure—urged so persuasively—restores to the interested agencies of Government the power that is so necessary to bring this information properly to the people. In its final form, Senator Moss may be proud of this measure. His dedication and devotion have been amply rewarded.

Also to be commended for his strong efforts in behalf of this proposal is the senior Senator from New Hampshire (Mr. COTTON) the ranking minority member of the Committee on Commerce. His cooperation and support assured the prompt and efficient disposition of the proposal and we are grateful.

We are grateful also for the contributions of the Senator from Tennessee (Mr. BAKER), the Senators from Kentucky (Mr. COOPER and Mr. COOK), the Senator from North Carolina (Mr. ERVIN), and the Senator from Virginia (Mr. SPONG). Their views and cooperation were greatly appreciated.

I know the hour is late but the decision to remain this evening to finish this bill means that a Saturday session has been made unnecessary this week. I appreciate the cooperation of all Members in this endeavor.

Mr. KENNEDY. Mr. President, I commend the members of the Committee on Commerce, particularly the distinguished Senator from Utah (Mr. Moss) for his splendid achievement tonight, and his contributions over the years to the public understanding of the dangers of cigarette smoking. I think that among the most challenging problems facing the consuming public are the implications of cigarette smoking in connection with the control of public health hazards.

Senator Moss, I think, is entitled to great credit for what he has achieved and the attention that he has brought to this issue in his work in the Senate. Not only we in the Senate, but all Americans, are indebted to him for what he has achieved in this field over the period of the last 6 years. I do not intend to detract from the work that has been done by the other members of the Committee on Commerce, and most particularly by its distinguished Chairman, the Senator from Washington (Mr. MAGNUSON), who has performed signal service; but I do think it is appropriate for us, at this time, to recognize the great achievements of the distinguished Senator from Utah.

The action of the Senate tonight vindicates and rewards the Senator from Utah for his untiring and pioneering efforts to eliminate television advertising, which romanticizes cigarette smoking, and to protect the Federal Trade Commission's power to regulate tobacco advertising in other media. His knowledge of legislative processes has brought rewards and I congratulate him on his victory.

Mr. HARRIS. Mr. President, I join with the distinguished Senator from Massachusetts in what he has said concerning the work of the Committee on Commerce, and particularly that of the distinguished Senator from Utah. As a

Senator, as a citizen of this country, and as a father of small children, I think that the Senate and the country owe a great debt to the distinguished Senator from Utah, and that generations of young people for many years to come will be well served by the excellent efforts which he has put forth, here in the Senate, in trying to do something to curb cigarette smoking, which is indeed, as the Senate has acknowledged by its votes today, harmful to health.

I hope, Mr. President, that his efforts will be successful in the conference, because I think the work he has done is most admirable.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive business to consider two nominations now at the desk, which were reported earlier today, and have been cleared.

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

DEPARTMENT OF STATE

The assistant legislative clerk read the nomination of Michael Collins, of Texas, to be an Assistant Secretary of State.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

AMBASSADOR TO THE MALAGASY REPUBLIC

The assistant legislative clerk read the nomination of Anthony D. Marshall, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Malagasy Republic.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

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

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

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

FEDERAL SALARY ACT OF 1969

Mr. MANSFIELD. Mr. President, if I may have the attention of all Senators, I am about to bring up what will perhaps be the last legislative act of the Senate, apart from appropriation bills, at this time.

Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 577, H.R. 13000, and that it be laid down and made the pending business.

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

The ASSISTANT LEGISLATIVE CLERK. H.R. 13000 to implement the Federal Employee Pay Comparability System, to establish a Federal Employee Salary Commission and a Board of Arbitration, and for other purposes.

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

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Post Office and Civil Service with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Federal Salary Act of 1969".

SEC. 2. (a) The General Schedule contained in section 5332(a) of title 5, United States Code, is amended to read as follows:

"GENERAL SCHEDULE

"Grade	Annual rates and steps									
	1	2	3	4	5	6	7	8	9	10
"GS-1	$4,04[illegible]	$4,180	$4,315	$4,450	$4,585	$4,720	$4,855	$4,990	$5,125	$5,260
GS-2	4,534	4,685	4,836	4,987	5,138	5,289	5,440	5,591	5,742	5,893
GS-3	5,115	5,285	5,455	5,625	5,795	5,965	6,135	6,305	6,475	6,645
GS-4	5,744	5,935	6,126	6,317	6,508	6,699	6,890	7,081	7,272	7,463
GS-5	6,424	6,638	6,852	7,066	7,280	7,494	7,708	7,922	8,136	8,350
GS-6	7,155	7,394	7,633	7,872	8,111	8,350	8,589	8,828	9,067	9,306
GS-7	7,945	8,201	8,475	8,740	9,005	9,270	9,535	9,800	10,065	10,330
GS-8	8,788	9,081	9,374	9,667	9,960	10,253	10,546	10,839	11,132	11,425
GS-9	9,694	10,017	10,340	10,663	10,986	11,309	11,632	11,955	12,278	12,601
GS-10	10,560	10,912	11,264	11,616	11,968	12,320	12,672	13,024	13,376	13,728
GS-11	11,568	11,954	12,340	12,726	13,112	13,498	13,884	14,270	14,656	15,042
GS-12	13,789	14,249	14,709	15,169	15,629	16,089	16,549	17,009	17,469	17,929
GS-13	16,127	16,665	17,203	17,741	18,279	18,817	19,355	19,893	20,431	20,969
GS-14	18,903	19,533	20,163	20,793	21,423	22,053	22,683	23,313	23,943	24,573
GS-15	21,805	22,532	23,259	23,986	24,713	25,440	26,167	26,894	27,621	28,348
GS-16	25,044	25,879	26,714	27,549	28,384	29,219	30,054	30,889	31,724	-------
GS-17	28,976	29,942	30,908	31,874	32,840	-------	-------	-------	-------	-------
GS-18	33,495	-------	-------	-------	-------	-------	-------	-------	-------	-------

".

(b) Except as provided in section 5303 of title 5, United States Code, the rates of basic pay of officers and employees to whom the General Schedule set forth in the amendment made by subsection (a) of this section applies shall be initially adjusted, as of the effective date of this section, as follows:

(1) If the officer or employee is receiving basic pay immediately prior to the effective date of this section at one of the rates of a grade in the General Schedule, he shall receive a rate of basic pay at the corresponding rate in effect on and after such date.

(2) If the officer or employee is receiving basic pay immediately prior to the effective date of this section at a rate between two rates of a grade in the General Schedule, he shall receive a rate of basic pay at the higher of the two corresponding rates in effect on and after such date.

(3) If the officer or employee is receiving basic pay immediately prior to the effective date of this section at a rate in excess of the maximum rate for his grade, he shall receive his existing rate of basic pay increased by the amount of increase made by his section in the maximum rate for his grade.

(4) If the officer or employee, immediately prior to the effective date of this section, is receiving, pursuant to section 2(b)(4) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of pay determined under section 208(b) of the Act of September 1, 1954 (68 Stat. 1111), plus subsequent increases authorized by law, he shall receive an aggregate rate of pay equal to the sum of his existing aggregate rate of pay on the day preceding the effective date of this section, plus the amount of increase made by this section in the maximum rate of his grade, until (A) he leaves his position, or (B) he is entitled to receive aggregate pay at a higher rate by reason of the operation of this Act or any other provision of law. When such position becomes vacant, the aggregate rate of pay of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to clauses (A) and (B) of the immediately preceding sentence of this subparagraph, the amount of the increase provided by this section shall be held and considered for the purposes of section 208(b) of the Act of September 1, 1954, to constitute a part of the existing rate of pay of the employee.

SEC. 3. (a) Section 3542(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule for positions in the postal field service which shall be known as the Postal Field Service Schedule and for which the symbol shall be 'PFS'. Except as provided in sections 3543 and 3544 of this title, basic compensation shall be paid to all employees in accordance with such schedule.

"POSTAL FIELD SERVICE SCHEDULE

"PFS	1	2	3	4	5	6	7	8	9	10	11	12
"1	$4,703	$4,860	$5,017	$5,174	$5,331	$5,488	$5,645	$5,802	$5,959	$6,116	$6,273	$6,430
2	5,084	5,254	5,424	5,594	5,764	5,934	6,104	6,274	6,444	6,614	6,784	6,954
3	5,498	5,681	5,864	6,047	6,230	6,413	6,596	6,779	6,962	7,145	7,328	7,511
4	5,943	6,141	6,339	6,537	6,735	6,933	7,131	7,329	7,527	7,725	7,923	8,121
5	6,424	6,638	6,852	7,066	7,280	7,494	7,708	7,922	8,136	8,350	8,564	8,778
6	6,942	7,174	7,406	7,638	7,870	8,102	8,334	8,566	8,798	9,030	9,262	9,494
7	7,504	7,755	8,006	8,257	8,508	8,759	9,010	9,261	9,512	9,763	10,014	10,265
8	8,117	8,387	8,657	8,927	9,197	9,467	9,737	10,007	10,277	10,547	10,817	-------
9	8,773	9,065	9,357	9,649	9,941	10,233	10,525	10,817	11,109	11,401	-------	-------
10	9,466	9,781	10,096	10,411	10,726	11,041	11,356	11,671	11,986	12,301	-------	-------
11	10,414	10,761	11,108	11,455	11,802	12,149	12,496	12,843	13,190	13,537	-------	-------
12	11,568	11,954	12,340	12,726	13,112	13,498	13,884	14,270	14,656	15,042	-------	-------
13	12,856	13,284	13,712	14,140	14,568	14,996	15,424	15,852	16,280	16,708	-------	-------
14	14,279	14,755	15,231	15,707	16,183	16,659	17,135	17,611	18,087	18,563	-------	-------
15	15,714	16,237	16,760	17,283	17,806	18,329	18,852	19,375	19,898	20,421	-------	-------
16	17,459	18,040	18,621	19,202	19,783	20,364	20,945	21,526	22,107	22,688	-------	-------
17	19,391	20,038	20,685	21,332	21,979	22,626	23,273	23,920	24,567	25,214	-------	-------
18	21,333	22,044	22,755	23,466	24,177	24,888	25,599	26,310	27,021	27,732	-------	-------
19	23,467	24,249	25,031	25,813	26,595	27,377	28,159	28,941	29,723	30,505	-------	-------
20	26,071	26,940	27,809	28,678	29,547	30,416	31,285	32,154	-------	-------	-------	-------
21	28,976	29,942	30,908	31,874	32,840	-------	-------	-------	-------	-------	-------	-------

"

(b) Section 3543(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be 'RCS'. Compensation shall be paid to rural carriers in accordance with such schedule.

"RURAL CARRIER SCHEDULE

	"Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
"Fixed compensation	$2,914	$3,068	$3,222	$3,376	$3,350	$3,684	$3,838	$3,992	$4,146	$4,300	$4,454	$4,608
For each mile up to 30 miles of route	107	109	111	113	115	117	119	121	123	125	127	129
For each mile of route over 30	25	25	25	25	25	25	25	25	25	25	25	25"

(c) The basic compensation of each officer and employee subject to the Postal Field Service Schedule or the Rural Carrier Schedule immediately prior to the effective date of this section shall be determined as follows:

(1) Each officer and employee subject to the Postal Field Service Schedule shall be assigned to the same numerical step for his position which he has attained immediately prior to such effective date.

(2) Each officer and employee subject to the Rural Carrier Schedule shall be assigned to the same numerical step for his position which he had attained immediately prior to such effective date.

(3) If changes in levels or steps would otherwise occur on such effective date without regard to enactment of this Act, such changes shall be deemed to have occurred prior to conversion.

(4) If the officer or employee is receiving basic compensation immediately prior to such effective date at a rate between two steps of a grade in either such schedule, whichever is applicable, he shall receive a rate of basic compensation at the higher of the two corresponding steps in effect on and after such date.

(5) If the officer or employee is receiving basic compensation immediately prior to such effective date at a rate in excess of the maximum rate for his grade, he shall receive his existing rate of basic compensation increased by the amount of increase made by this section in the maximum rate for his grade.

SEC. 4. Section 4107 (a) and (b)(1) of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine, and Surgery of the Veterans' Administration, is amended to read as follows:

"§ 4107. Grades and pay scale

"(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director, Deputy Chief Medical Director, and Associate Deputy Chief Medical Director, shall be as follows:

"SECTION 4103 SCHEDULE

"Assistant Chief Medical Director, $33,495.

"Medical Director, $28,976 minimum to $32,840 maximum.

"Director of Nursing Service, $21,805 minimum to $28,348 maximum.

"Director of Chaplain Service, $21,805 minimum to $28,348 maximum.

"Chief Pharmacist, $21,805 minimum to $28,348 maximum.

"Chief Dietitian, $21,805 minimum to $28,348 maximum.

"(b)(1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:

"Physician and Dentist Schedule

"Director grade, $25,044 minimum to $31,724 maximum.

"Executive grade, $23,273 minimum to $30,257 maximum.

"Chief grade, $21,805 minimum to $28,348 maximum.

"Senior grade, $18,903 minimum to $24,573 maximum.

"Intermediate grade, $16,127 minimum to $20,969 maximum.

"Full grade, $13,789 minimum to $17,929 maximum.

"Associate grade, $11,568 minimum to $15,042 maximum.

"Nurse Schedule

"Assistant Director grade, $18,903 minimum to $24,573 maximum.

"Chief grade, $16,127 minimum to $20,969 maximum.

"Senior grade, $13,789 minimum to $17,929 maximum.

"Intermediate grade, $11,568 minimum to $15,042 maximum.

"Full grade, $9,694 minimum to $12,601 maximum.

"Associate grade, $8,958 minimum to $10,869 maximum.

"Junior grade, $7,155 minimum to $9,306 maximum."

SEC. 5. (a) The fourth sentence of section 412 of the Foreign Service Act of 1946 (22 U.S.C. 867) is amended to read as follows: "The per annum salaries of Foreign Service officers within each of the other classes shall be as follows:

"Class 1	$31,705	$32,762	$33,495				
Class 2	24,867	25,696	26,525	$27,354	$28,183	$29,012	$29,841
Class 3	20,099	20,769	21,439	22,109	22,779	23,449	24,119
Class 4	16,127	16,665	17,203	17,741	18,279	18,817	19,355
Class 5	13,233	13,674	14,115	14,556	14,997	14,438	15,879
Class 6	10,928	11,292	11,656	12,020	12,384	12,748	13,112
Class 7	9,272	9,581	9,890	10,199	10,508	10,817	11,126
Class 8	7,945	8,210	8,475	8,740	9,005	9,270	9,535".

(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870(a)) is amended to read as follows: "The per annum salaries of such staff officers and employees within each class shall be as follows:

"Class 1	$20,099	$20,769	$21,439	$22,109	$22,779	$23,449	$24,119	$24,789	$25,459	$26,129
Class 2	16,127	16,665	17,203	17,741	18,279	18,817	19,355	19,893	20,431	20,969
Class 3	13,233	13,674	14,115	14,556	14,997	15,438	15,879	16,320	16,761	17,202
Class 4	10,928	11,292	11,656	12,020	12,384	12,748	13,112	13,476	13,840	14,204
Class 5	9,897	10,227	10,557	10,887	11,217	11,547	11,887	12,207	12,537	12,867
Class 6	8,876	9,172	9,468	9,764	10,060	10,356	10,652	10,948	11,244	11,540
Class 7	7,962	8,227	8,492	8,757	9,022	9,287	9,552	9,817	10,082	10,347
Class 8	7,140	7,378	7,616	7,854	8,092	8,330	8,568	8,806	9,044	9,282
Class 9	6,405	6,618	6,831	7,044	7,257	7,470	7,683	7,896	8,109	8,322
Class 10	5,744	5,935	6,126	6,317	6,508	6,699	6,890	7,081	7,272	7,463".

(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of such Act shall receive basic compensation, on and after such effective date, at the rate of their class determined to be appropriate by the Secretary of State.

SEC. 6. The rates of pay of persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall be increased by amounts equal, as yearly as may be practicable, to the increases provided by section 2(a) of this Act for corresponding rates of basic pay.

SEC. 7. (a) The rates of basic pay of assistant United States attorneys whose annual salaries are fixed pursuant to section 548 of title 28, United States Code, shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 2(a) of this Act for corresponding rates of basic pay.

(b) Notwithstanding section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), the rates of pay of officers and employees of the Federal Government and of the municipal government of the District of Columbia whose rates of pay are fixed by administrative action pursuant to law and are not otherwise increased by this Act are hereby authorized to be increased, effective on the effective date of section 2 of this Act, by amounts not to exceed the increases provided by this Act for corresponding rates of pay in the appropriate schedule or scale of pay.

(c) Nothing contained in this section shall be held or considered to authorize any increase in the rates of pay of officers and employees whose rates of pay are fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates or practices.

(d) Nothing contained in this section shall affect the authority contained in any law pursuant to which rates of pay may be fixed by administrative action.

SEC. 8. (a) The rates of basic compensation of officers and employees in or under the judicial branch of the Government whose rates of compensation are fixed by or pursuant to paragraph (2) of subdivision a of section 62 of the Bankruptcy Act (11 U.S.C. 102(a)(2)), section 3656 of title 18, United States Code, the third sentence of section 603, section 625(c), sections 671 through 675, and section 604(a)(5) of title 28, United States Code, insofar as the latter section applies to graded positions, are hereby increased by amount reflecting the respective applicable increases provided by section 2(a) of this Act in corresponding rates of compensation for officers and employees subject to section 5332 of title 5, United States Code. The rates of basic compensation of officers and employees holding ungraded positions and whose salaries are fixed pursuant to such section 604(a)(5) may be increased by the amounts reflecting the respective applicable increases provided by section 2(a) of this Act in corresponding rates of compensation for officers and employees subject to section 5332 of title 5, United States Code.

(b) The limitations provided by applicable law on the effective date of this section with respect to the aggregate salaries payable to secretaries and law clerks of circuit and district judges are hereby increased by amounts which reflect the respective applicable increases provided by section 2(a) of this Act in corresponding rates of compensation for officers and employees subject to section 5332 of title 5, United States Code.

(c) Section 753(e) of title 28, United States Code (relating to the compensation of court reporters for district courts), is

amended by striking out the existing salary limitation contained therein and inserting a new limitation which reflects the respective applicable increases provided by section 2 (a) of this Act in corresponding rates of compensation for officers and employees subject to section 5332 of title 5, United States Code.

SEC. 9. Section 5302 of title 5, United States Code, is amended—

(1) by striking out the word "and" after the semicolon in paragraph (1);

(2) by striking out paragraph (2) and inserting in lieu thereof the following new paragraphs:

"(2) appoint 4 representatives of organizations of employees of the Government of the United States, including 2 representatives of organizations of employees in the postal field service of the Post Office Department, to participate directly in all phases of evaluating data relating to pay comparability, and in the preparation and presentation of the report to the President; and

"(3) present each year to the Congress a report on the comparison of Federal pay to private enterprise pay, and shall include in his report his recommendations for changes in the rates of pay or changes in salary structure, alinement, or other characteristics of Federal pay as he deems to be in compliance with the provisions of section 5301 of this title.".

SEC. 10 (a) In order to carry out the policy set forth in paragraph (2) of section 5301 of title 5, United States Code, the President shall, effective on the first day of the first pay period beginning on or after July 1, 1970, adjust the current rates of basic pay, basic compensation, or salary which were adjusted by the President under section 212(2) of the Federal Salary Act of 1967 (81 Stat. 634) by amounts equal, as nearly as may be practicable, to—

(1) the amounts by which such rates are exceeded by rates of pay paid for the same levels of work in private enterprise as determined on the basis of the 1969 annual survey conducted by the Bureau of Labor Statistics in accordance with the provisions of section 5302 of title 5, United States Code, as amended by section 9 of this Act; or

(2) 3 percent;

whichever is greater.

Adjustments made by the President under this section shall have the force and effect of law.

(b) The rates of pay of personnel subject to sections 210, 213 (except subsections (d) and (e), and 214 of the Federal Salary Act of 1967, and any minimum or maximum rate, limitation; or allowance applicable to any such personnel, shall be adjusted, effective on the first day of the first pay period beginning on or after July 1, 1970, by amounts which are equal, insofar as practicable and with such exceptions as may be necessary to provide for appropriate relationships between positions to the amounts of the adjustments made by the President under subsection (a) of this section, by the following authorities—

(1) the President pro tempore of the Senate, with respect to the United States Senate;

(2) the Speaker of the House of Representatives, with respect to the United States House of Representatives;

(3) the Architect of the Capitol, with respect to the Office of the Architect of the Capitol;

(4) the Director of the Administrative Office of the United States Courts, with respect to the judicial branch of the Government; and

(5) the Secretary of Agriculture, with respect to persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)).

Such adjustments shall be made in such manner as the appropriate authority concerned deems advisable and shall have the force and effect of law.

(c) The adjustments made by the President under this section shall have the force and effect of law and shall be printed (1) in the Statutes at Large in the same volume as public laws and (2) in the Federal Register and included in the Code of Federal Regulations.

(d) An increase in pay which becomes effective under this section is not an equivalent increase in pay within the meaning of section 5335 of title 5, United States Code, or section 3552 of title 39, United States Code.

(e) The rates of basic pay for employees paid under the statutory pay systems referred to in subsection (a) shall be initially adjusted, as of the effective date of the adjustment, under conversion rules prescribed by the President or by such agency as the President may designate.

(f) Nothing in this section shall impair any authority pursuant to which rates of pay may be fixed by administrative action.

(g) Any officer or employee of the Government receiving pay, compensation, or salary which is equal to, or less than, the salary rate for level V of the Executive Schedule in section 5316 of title 5, United States Code, in effect on the date of enactment of this Act, shall not have his pay, compensation, or salary increased, by reason of the enactment of this section, to a rate in excess of the salary rate for such level V.

SEC. 11. (a) This section, the first section, and sections 9 and 10 of this Act shall become effective upon the date of enactment.

(b) Sections 2, 3, 4, 5, 6, 7, and 8 of this Act shall become effective on the first day of the first pay period which begins on or after January 1, 1970.

Mr. MANSFIELD. Mr. President, this bill has been cleared all the way around, so far as I know.

Mr. ELLENDER. Mr. President, may we find who the employees are who are covered by this bill?

Mr. McGEE. Mr. President, the bill represents a kind of hard rock, common denominator, or compromise, which we have worked out with the administration, with the House, and with our colleagues in this body on both sides of the aisle.

It would apply to most employees, both classified and postal employees. The legislation that came from the House applied primarily as a pay increase to postal employees. The committee has sometimes been caught where the postal employees get an increase, and then the classified employees demand the same, or the classified employees get an increase, and then the postal employees demand the same.

Our committee felt it was better under the comparability law to get them on an even keel and treat them generally the same.

The bill, as it came from the House, would have paid the postal employees an increase of 5.4 percent retroactive to October 1. The committee bill would give all employees, both the classified and postal, at the level of GS–9 or PFS–10, a 4-percent adjustment, effective January 1. This will be graduated to a lower percentage at each $5,000 interval; that is, from $10,000 to $15,000, 3 percent; from $15,000 to $20,000, 2 percent; and grade 15 would receive 1 percent. The supergrades would receive none.

The effort to arrive at this figure was influenced heavily by the President's interest in holding down a very large jump at this time that might contribute adversely to some of the inflationary forces in this country.

I repeat: this was negotiated with great care, all around, and at both ends of Pennsylvania Avenue.

The measure further includes what was already a part of the comparability mechanism, and that is the comparability adjustment for Federal workers in the drive to bring the Federal scale into a relatively comparable position with the private sector. That adjustment, under the proposal, would occur on July 1, 1970.

What that means is this: The Bureau of Labor Statistics has just given us a reading, this week, reminding us that the adjustment in the private sector between 1968 and 1969 has been an increase of 5.8 percent.

In view of the fact that we are already 18 months behind that figure, it seemed to the committee rather more going from here? That is the reason for the 4-percent figure, as a holding action, on January 1, and the adjustment on July 1 would be comparability.

Stricken from the bill was a complex mechanism for arriving at new salary adjustments because of difficulties in getting an agreement on it. So again, I would, say this is a "bare-bones" bill.

The bill is calculated to cost $300 million-plus in fiscal 1970, this current fiscal year. The July 1 adjustment would fall into the following fiscal year.

Mr. President, H.R. 13000 is a bill to increase the salaries of Federal employees. Undoubtedly the Senate is very well aware of the controversy and complexity of the salary legislation during this session of Congress. The Post Office and Civil Service Committee in both the House and Senate have been holding hearings on pay legislation and postal modernization since Congress convened last January. After lengthy consideration, the House passed H.R. 13000 in mid-October. Since that time our committee has been deeply involved in an attempt to develop a pay bill which would resolve the pressing need of salary increases for Federal employees and also go as far as possible toward satisfying the requirements of the present administration, as well as the Congress, to hold the line on spending. The committee recommends a complete substitute for the House bill.

As passed by the House, this bill would do the following things: First of all, it provided a two-step promotion for all employees in the postal field service up through grade 11. That covers roughly 98 percent of the total postal work force. The increase amounted to 5.4 percent and would have cost about $300 million in the fiscal year 1970. Second, it established a permanent Federal Employee Salary Commission including seven members, four officers of the executive branch of the Government, and three representatives of employee unions. This Commission would decide what Federal pay would be on the basis of comparability with private enterprise. If they could not reach an agreement, a board of arbitration would make the final decision. Their first action would be taken early next year and would be made effective on

January 1, 1970. An amendment to the bill which was adopted on the floor of the House of Representatives required that the final decision be submitted to the Congress for affirmative action. And finally, the bill made changes in regard to pay benefits for certain employees who work at remote work sites or who are employed in floating plant operations.

A permanent provision for a salary commission is certainly deserving of very careful consideration. To eliminate annual enactment of pay legislation in my opinion, is a desirable goal. However, to create a commission which can recommend salary rates and thus increase the Federal payroll substantially without providing any authority for the President of the United States or the Congress to exercise control is, to say the least, an unusual approach. Certainly Federal employees must play a larger role in the determination of pay than they have heretofore. I say this because I am confident that the Post Office and Civil Service Committee will give further consideration to some proposal along this line. In place of the House bill, we recommend an across-the-board increase for the classified and postal employees of the Federal Government of 4 percent for most employees and then graduated downward in the higher paying grades to 1 percent at the GS–15 level, and no increase at all above that level. My nickname for this principle is "bare bones." I am convinced, and I believe that my colleagues on the Post Office and Civil Service Committee, including the distinguished, hard-working, and most cooperative ranking Republican member, Senator FONG, agree with me that Federal salaries, particularly in the lower levels, are in bad need of adjustment upward.

The salaries we are paying our employees today are based on comparability with private enterprise as of July 1968. Since that time the Consumer Price Index has risen by 7.4 percent, and salaries in the private sector of the economy have risen 5.8 percent. We cannot be fair to our employees and delay pay legislation any longer. At the same time, the committee has done everything it can to conform to the needs for fiscal restraint at this time. I might add that the Senate committee has shown prudence in the enactment of every pay bill that we have passed since the enactment of the salary reform bill back in 1962. Our record for treating employees fairly is matched by our record of holding the line on spending. We shall continue to do so.

The committee also recommends that rather than coming back in January and starting to work on another pay bill, the law be changed to authorize the President to adjust salaries next July on the basis of comparability as then known with private enterprise. In evaluating the data study for setting salary rates, we recommend that employees be given the right of representation in these deliberations. This would be accomplished by authorizing the President to designate employee union representatives to sit in on and directly participate in the preparation of the comparability report. They would not be appointed as employees; they would merely serve temporarily as advisers. We do recommend a 3-percent minimum for the July 1970 adjustment.

That is all our bill does and that is why we call it "bare bones." I am personally inclined to think that this legislation is as "veto proof" as we could possibly make any bill that deals fairly with our 3 million civilian employees in this Government. Let me cite just a couple of examples. I know that many employees are disappointed that we cannot do more at this time, but our aim has been, from the very beginning, to get a pay raise enacted, not to make a grandstand play on fourth down just to make noise while adding nothing to the paycheck. Instead of granting the two-step increase for some postal employees which would have increased the payroll by $300 million, we have given an across-the-board increase in the statutory rates applicable to all of the employees in the first nine grades of the general schedule of the Classification Act, and the first 10 grades of the postal salary schedule. The effect of that change is that, in the first place, it does not discriminate unfairly against classified employees who were left completely out of the House bill, and it does not artificially inflate the payroll at a high cost and with no regard for future pay adjustments. Our recommendation truly conforms to the principles of comparability by increasing pay schedules for the various kinds of jobs, rather than simply increasing the pay of employees on the payroll at the time the two-step increase is granted. This two-step jump for postal employees has been a critical point in our consideration of this legislation.

In fairness to postal employees, I must say that I personally believe salary comparability for postal employees has not been achieved and it will not be achieved until the criteria for private enterprise job comparisons are changed from the comparisons that are used today. It may be that we need a whole new look at postal pay and levels of jobs. It may be that postal letter carriers and clerks should be elevated to higher levels of pay or that the relationship between the postal field service levels and the grades of the classification act be eliminated entirely.

The committee, in its deliberation on careful attention to this problem. However, you do not solve the problem of proper classification and comparability by giving a two-step jump to employees on the payroll last October 1. That approach is not new; a one-step jump was included in the 1962 Salary Act. A notable result of that was a special pay raise for some employees, dissension and bitterness between employees who got the raise and those who did not, and a permanent increase in the cost of Government by several hundred million dollars without any regard to salary comparability.

If we are going to increase postal salaries in order to fulfill the policy of comparability, and to recruit and retain the best people available in the labor market, I think we should face the problem squarely and consider a bill that does just that. I do not think it is wise to attempt to placate the wishes of one or two groups of employees for a one-shot, under-the-table, unaccounted-for pay raise. There are better and more straightforward means of solving the problem.

Another feature of our approach is that by enacting a 4-percent pay increase in the statutory schedules, next January, we will have narrowed the gap between Federal pay today and private enterprise pay last July. That "narrowing" will again be recognized next July, when the Presidential adjustments in pay reflect comparability increases over the rates of pay established January 1 rather than the rates of pay established last July 1, 1969.

The effect of this adjustment in January will be that the very serious and severely criticized problem of the time lag between the comparability survey and the effective date of salary adjustments will in part be solved. We now know, in December 1969, that employees in private industry were making nearly 6 percent more last July than they were July a year ago. By taking that difference into account in changing the pay schedule, we are in effect cutting the time lag very substantially for all employees in all agencies of the Government. Much testimony has been presented to our committee suggesting the great need for catching up with comparability. It is significant, therefore, that we have in this bill eliminated some of that delay; and not for just some employees, but for most.

Some administration critics have expressed reservations about guaranteeing 3 percent next July. Their argument is that if comparability shows only a need for a 2-percent increase, only 2 percent should be given. The weakness in that argument is that the comparability survey, which will result in the President's decision next July, is based on June 1969. By establishing a basic 3-percent raise, we will again narrow the gap between Federal pay and private industry pay as those rates exist next July. To those who claim that next July's adjustment for postal workers should be only the difference between 4 percent and the suggested 5.8 percent comparability figure for July 1969, recently released by the Bureau of Labor Statistics, I suggest that it is unrealistic and unfair to propose a 1.8 percent salary increase for some 700,000 postal workers next summer.

Finally, the facts are that the Government's efforts, both in this Chamber and in the White House, to control inflation, to reduce the cost of money and to bring prices down have the greatest impact upon the average American who earns less than $10,000 a year and who suffers the most in a period of inflation. I just never have understood the economic sense of controlling inflation by denying the postal and classified workers a pay increase and making money virtually unavailable for them to borrow. Wages in private enterprise have gone up nearly 6 percent, as evidenced by our Bureau of Labor Statistics' evidence. Those cold Consumer Price Index has gone up 7½ percent, according to the same Bureau of Labor Statistics' evidence. Those cold realities compel the Congress to act for the people who need a pay raise the most.

Our recommendation departs temporarily from the principle of compara-

bility in that the percentage increase is inverted. In the grades of pay where disparity between the Government and private enterprise is the greatest is where, in this bill, we give the least. Our answer to those deserving employees who are called upon to sacrifice comparability in the higher grades is that just 6 months later, the pay adjustment will reflect private enterprise rates for all grades through GS–15. To those employees in grades above GS–15 who receive no January increase, our view is simple. These salary rates begin at $23,000 a year and the crunch of inflation is not so severe. Employees of the Congress are also overlooked, but our employees received a 10-percent pay increase last July and most employees on Capitol Hill can receive pay increases without the necessity for having a law enacting it, and that is not true of a postal worker or a lawyer in the executive branch.

The estimated cost resulting from the enactment of H.R. 13000 will be $363.5 million in fiscal year 1970—that is, from January through June. Beginning in fiscal year 1971, including the increases to become effective by Executive order July 1, 1970, the additional cost will be $1,433,500,000. Under the provisions of Public Law 90–207, there will be a comparable increase in the salaries of members of the Armed Forces equal to the average percentage increase in the general schedule of the Classification Act. It is my understanding that the additional cost for military salaries beginning in fiscal year 1971, will be $1,367,000. Thus the total cost of the bill when fully effective, military and civilian, will be $2,800,500,000—roughly $2.8 billion.

The cost of the committee bill is substantially less than the cost of the bill recommended by the House of Representatives. The House bill, when fully effective, would have resulted in an increase of $4 billion, $351 million in the Federal civilian and military payroll; so the Senate committee bill is almost half the cost of the House bill.

Time is of the essence. I ask the Senate's approval of this bill in the hope that is can be speeded through Congress and presented to the President as soon as possible.

I may ask my colleague the Senator from Hawaii (Mr. FONG) whether I have left something out of the basic reasons for the bill.

Mr. FONG. Mr. President, this is a very minimal bill. The bill which came from the House, and which passed that body by a very large vote, would have cost approximately $6 billion—$5.910 billion—for fiscal 1970 and 1971. This very minimal bill would cost only $3.5 billion. We have made a saving of over $2.4 billion here.

The cost for fiscal 1970, as far as civilian employees are concerned, is only $363 million. The cost for the military is $336 million. The total cost of the civilian payroll for 2 years would be $1.797 billion. The total cost of the military payroll would be $1.703 billion.

We have fought hard to keep this bill to a very low figure so that it would not meet with the veto of the President. We feel this bill is very minimal. It is making up for what is a real lag now.

If we followed the Bureau of Labor Statistics figures, employees would receive, under the comparability statute, as of July 1, 1969, a 5.8 increase, this December; and we are only giving employees under $10,000, 4 percent, graduated to 3 percent, 2 percent, and 1 percent.

So we feel this is a very fine bill.

I would like to congratulate the chairman of the committee for bringing up this very excellent bill.

Mr. McGEE. Mr. President, I have just been asked whether this bill applies to legislative personnel here on the hill. It does not on the January 1 figure. It does not apply to legislative personnel.

Mr. COOPER. Is this a $5 billion bill you are bringing up tonight?

Mr. McGEE. The projection was over a 2-year period. As of January 1, it will be $363 million.

Mr. COOPER. When does it become effective?

Mr. McGEE. It becomes effective January 1, with respect to the $363 million. The adjustment on July 1 would be somewhere in the neighborhood of 3 percent as a minimum.

Mr. COOPER. What will be the total cost next year?

Mr. McGEE. The $363 million would be a regular part of the salary.

Mr. COOPER. Would that be for fiscal 1970?

Mr. McGEE. That would be for fiscal 1970.

Mr. COOPER. How much would it be for 1971?

Mr. McGEE. Twice $363 million, plus whatever the executive would determine on July 1 was the rise in comparability figures.

Mr. COOPER. Then there would be a further rise the next fiscal year?

Mr. FONG. It is just for 2 years.

Mr. McGEE. This takes in the military.

Mr. COOPER. Mr. President, I do not know whether there is going to be a rollcall vote on this measure at this time of night, but I want to be recorded in opposition. It is too late to comprehend all its ramifications and total cost on this short notice.

Mr. McGEE. We brought out a bill after paring out everything that could be pared and still have a meaningful bill.

Mr. FONG. Mr. President, I strongly urge my colleagues to support H.R. 13000 the Federal pay bill now before us. The Members of this body will recall that in 1962 the grave problem of the loss of highly skilled Federal employees to private industry was presented to us. In addition, a severe lag of Federal civilian salaries behind those paid for comparable work in the private sector of our economy was obvious.

To counteract the loss of employees from the Federal Government for more lucrative positions in private industry and to insure that Federal employees were paid comparable salaries to their counterparts outside of government the Congress on September 27, 1962 approved by a vote of 72 to 3 what has been referred to as the comparability principle in the Federal classified and postal pay systems. This principle first adopted in 1962 and reaffirmed by the Congress and the President in 1964 and 1967 has helped tremendous in retaining employees in the Federal service who receive their training and great experience in the Federal Government. This principle has also been a significant factor in attracting highly competent personnel to the Government service. It has enabled Government to go to the college campuses and compete favorably with private industry recruiters for the best minds that the U.S. colleges and universities can produce.

There is no greater service which Americans can render at this time than to serve their Nation through Government employment. The success of our many Federal programs can be traced directly to the highly competent staffs in the departments and agencies of our Federal Government and comparable pay with private industry has enabled the Federal Government to be the leader that it is in all fields.

The pledge that the Congress and the President made in 1962, 1964, and 1967 to keep Federal salaries abreast of those in private industry demanded that the Senate Post Office and Civil Service Committee bring to this body the Federal salary bill we are now considering.

Under the system established in 1962 for bringing Federal salaries in line with those in private industry the Bureau of Labor Statistics was directed to make annual surveys of wages paid to the nongovernment employees of our country. I am advised by the Bureau of Labor Statistics that they begin collecting the information on private industry salaries in March and complete this work sometime in September. The average payroll reference period used by the BLS is June.

On December 8, 1969, the BLS issued its first public press release on the salary data it gathered. The raw average figure for the lag of Federal salaries behind those in private industry is 5.7 percent. It must be emphasized that this is an average figure and will vary with each individual Federal pay level.

The BLS press release means that as of 6 months ago Federal salaries were averaging 5.7 percent behind private industry.

The bill we are now considering provides for salary increases of 4 percent for all Federal employees now making below $10,000 per year; a 3-percent increase for those making above $10,000 but less than $15,000 a year; a 2-percent increase for those making above $15,000 but less than $20,000 a year; and a 1-percent increase for those in the GS–15 and PFS–18 pay levels. These increases would be effective January 1, 1970. All Federal employees over GS–15 and PFS–18 will not receive any increase on January 1.

The January 1 increase is only a stopgap measure to close the salary-lag gap for those in the lower levels of employment. From the BLS figures it is apparent that the maximum increase of 4 percent on January 1 is still at least 1.7 percent behind private industry. The committee felt that since the comparability figures were available it would be unfair to delay a salary increase of between 12 to 18 months.

The bill also calls for a second-step

increase to achieve comparability on July 1, 1970. The actual increase to become effective that date would be triggered by an Executive order issued by the President on the recommendations of the Civil Service Commission and the Bureau of the Budget.

The amount of the increase would be based on the refined Bureau of Labor Statistics figures for June 1996—or 12 months after they were gathered.

This 12-month lag was considered by the committee and we voted to set a floor of 3 percent for the July 1, 1970 increase. It is significant to this 3 percent that Federal Government salaries have always lagged at least 12 months behind private industry. Invariably the increases in private industry are way above those finally given Federal employees during the 12 intervening months between the gathering of information and the effective date of the Federal salary increases. The committee feels that it would like to be in a position for once of not playing catchup to the extent that it has had to every year since the comparability principle was adopted.

This measure affects approximately 2.2 million Federal employees. The cost of the bill has been estimated by the Bureau of the Budget to be approximately 3.37 percent of the total Federal payroll for fiscal year 1970 or $363,500,000. The estimated cost of the bill in fiscal year 1971 is 6.66 percent of payroll or $1,413,500,000 for a total of $1,777,000,000.

It must be explained that the committee attempted to hold off as much of the costs of this measure in fiscal year 1970 as possible and still do justice to the 2.2 million Federal employees who are entitled to this increase. We believe we have done the best job that can be done under present circumstances. By approving this measure the Senate will have kept its pledge to all Federal employees that they shall be paid salaries comparable to their counterparts in private industry.

I strongly urge my colleagues to vote approval of H.R. 13000 as amended by the Senate Post Office and Civil Service Committee.

The PRESIDING OFFICER. If there are no amendments to be offered to the committee amendment, the question is on agreeing to the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

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

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

The bill was read the third time.

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

The bill was passed.

The title was amended, so as to read: "An act to adjust the salaries of Federal employees, and for other purposes."

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. GRIFFIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I think the Senate ought to be aware of the strong efforts of Senator McGEE in behalf of this proposal. His splendid and outstanding work made possible an increase in pay for Federal classified and postal service workers. They are certainly in his debt. This outstanding service performed by the able and distinguished chairman of the Committee on the Post Office and Civil Service was truly commendable.

Mr. President, by necessity the senior Senator from Texas (Mr. YARBOROUGH) is away from the Senate today. In anticipation that the bill may have been called up in his absence, he prepared a statement in behalf of the proposal. As the Senate knows, he is the ranking majority member of the Committee on the Post Office and Civil Service and has long been a leader of efforts in behalf of all Federal employees. I commend his thoughtful statement to the Senate and ask unanimous consent that it be printed in the RECORD at this point.

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

STATEMENT OF SENATOR RALPH W. YARBOROUGH

Mr. President, as the ranking majority member of the Post Office and Civil Service Committee, I rise in support of H.R. 13000. This bill would provide a four percent pay increase for the majority of our Federal Employees. This pay increase would become effective January 1, 1970.

The bill further provides for an extension of the authority given the President in 1967 to make pay increases on the basis of 1969 comparability with private industry effective July 1, 1970. The measure stipulates that the July increase may not be less than three percent.

The bill also creates a new Federal Employee Salary Commission which will be composed of representatives from both management and labor and will be for the purpose of evaluating data relating to pay rates in comparable industries.

Although this bill does represent a positive step forward toward bringing our Federal Employees into economic equality with individuals employed in private industry, in my opinion the bill does not go far enough. I supported an increase of 5.4% in pay for our Federal Employees. I feel that such an increase is both justified and necessary. However, the bill that is before us today is a step in the right direction. Therefore, I urge all my colleagues to give it their full support.

ORDER FOR ADJOURNMENT UNTIL MONDAY, DECEMBER 15, 1969, AT 10 A.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the previous order for convening on tomorrow be vacated.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of business this evening, the Senate stand in adjournment until 10 o'clock Monday morning next.

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

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1970

Mr. MANSFIELD. Mr. President, for the information of the Senate, the full Committee on Appropriations reported the Defense appropriation bill today. It will be the pending business at 10 o'clock Monday morning next.

I ask unanimous consent that H.R. 15090 be laid before the Senate and made the pending business.

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

The ASSISTANT LEGISLATIVE CLERK. A bill (H.R. 15090) making appropriations for the Department of Defense for the fiscal year ending June 30, 1970, and for other purposes.

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

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

PROTOCOL TO THE INTERNATIONAL CONVENTION FOR THE NORTHWEST ATLANTIC FISHERIES RELATING TO PANEL MEMBERSHIP AND REGULATORY MEASURES—REMOVAL OF INJUNCTION OF SECRECY

Mr. KENNEDY. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from Executive I, 91st Congress, first session, the protocol to the International Convention for the Northwest Atlantic Fisheries, transmitted to the Senate today by the President of the United States, and that the protocol, together with the President's message, be referred to the committee on foreign relations and ordered to be printed, and that the President's message be printed in the RECORD.

Mr. GRIFFIN. Mr. President, reserving the right to object, has that been cleared with the minority?

Mr. KENNEDY. Yes.

Mr. GRIFFIN. No objection.

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

The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a certified copy of the Protocol to the International Convention for the Northwest Atlantic Fisheries Relating to Panel Membership and to Regulatory Measures. The Protocol is dated October 1, 1969, and was open for signature at Washington from October 1, 1969, through October 15, 1969, on behalf of the 14 Governments parties to the International Convention for the Northwest Atlantic Fisheries signed at Washington under date of February 8, 1949 (1 UST 477; TIAS 2089). During that period it was signed for all of those Governments, including the United States of America, except the governments of Iceland, Portugal, Romania and the Soviet Union. The latter governments may adhere to the Protocol.

I transmit also, for the information of the Senate, the report by the Secretary of State with respect to the Protocol.

The Protocol would make two changes in the International Convention for the Northwest Atlantic Fisheries:

1. The Convention area of the Northwest Atlantic is divided into five subareas. Each of these subareas has a Panel composed of members of the Commission established thereunder which are concerned with the fisheries in that subarea, and which discharges certain responsibilities with respect to conservation of the fisheries in that subarea. The Convention provides that Panel membership shall be established on the basis of current substantial exploitation in the subarea concerned of fishes of the cod group (*Gadiformes*), of flatfishes (*Pleuronectiformes*), and of rosefish (*genus Sebastes*), except that each Contracting Government with coastline adjacent to a subarea shall have the right of representation on the Panel for the subarea. The Protocol would broaden this to establish membership on the basis of current substantial exploitation of all stocks of fish in the subarea concerned, with the same right retained for Contracting Governments with coastline adjacent to the subarea concerned. This change would reflect the fact that stocks of fish other than those specified in the present Convention support substantial fisheries in the Convention area of concern to the International Commission established by the Convention.

2. The Convention specifies five types of fisheries conservation regulatory measures which may be proposed to Governments by the Commission in order to keep the stocks of fish which support international fisheries in the Convention area at a level permitting the maximum sustained catch, on the basis of scientific investigations. The Protocol would permit the Commission to propose any appropriate fisheries regulations designed to achieve the optimum utilization of the stocks of fish which support international fisheries in the Convention area, taking into account economic and technical considerations as well as scientific investigations. This change would reflect the fact that the expansion of the fisheries in the Northwest Atlantic during the past 20 years coupled with developments in gear and vessels poses new and difficult problems of fisheries management, for which new techniques are necessary if the stocks are to be managed effectively on an international basis. It also reflects the current trend to manage international fisheries in terms of economic as well as biological maximum returns.

The latter proposal is the most significant. It was proposed by the United States, which noted that greater flexibility is necessary to achieve an adequate regime for the rational exploitation of the Northwest Atlantic fisheries than that which was thought necessary when the Convention was formulated in 1949. The changes which have taken place in the fisheries, improved gear and fish locating devices, numerous larger and more efficient vessels, and of particular note the consequent substantial increase in fishing intensity, has led to a situation in which the Commission finds itself increasingly inadequate to cope with today's problems. This situation resulted in a request from American interests concerned with the Northwest Atlantic fisheries to this Government to initiate changes which would transform the Commission into a modern tool of fisheries management, taking into account the economics which are becoming increasingly more important in regulatory activities. Action was initiated by this Government in 1968, which resulted in adoption of the Protocol by the Commission at its 1969 Annual Meeting. The Commission requested governments to give early consideration to this matter in order that the necessary powers might be conferred upon the Commission in an expeditious fashion.

Any proposal made by the Commission under this new authority would continue to be subject to approval by governments in the manner specified in the Convention.

The change relating to Panel membership would place such membership on a more realistic basis. At present a number of stocks of fish support intensive international fisheries, and yet are not reflected in Panel membership. Since such Panel memberships affect not only the adoption of regulatory measures but also the financial structure of the Commission, it will be beneficial to all concerned to establish a more adequate base for such membership.

No change in the number of Panel memberships held by the United States, three out of a possible six, nor in our financial obligations to the Commission, will result from the proposed changes.

The United States has urged all Governments parties to the Convention to act promptly on the Protocol in order that the Commission might consider necessary action thereunder at its June 1970 Annual Meeting.

I recommend that the Senate give early and favorable consideration to the Protocol submitted herewith and give its advice and consent to ratification.

RICHARD NIXON.

THE WHITE HOUSE, *December 12, 1969.*

ORDER FOR REMOVAL FROM THE CALENDAR OF CALENDAR NO. 575 (S. 1148), A BILL TO AMEND THE REVISED ORGANIC ACT OF THE VIRGIN ISLANDS, AND ITS REFERRAL TO THE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. ELLENDER. Mr. President, on December 8, the Committee on Interior and Insular Affairs reported the bill (S. 1148) to amend the Revised Organic Act of the Virgin Islands, which, among other things, provides that the College of the Virgin Islands and the University of Guam be treated as land-grant colleges eligible for Federal grants for extension work, experiment stations, and other matters.

I have discussed the contents of the bill with the distinguished Senator from Washington (Mr. JACKSON), who is chairman of the Committee on Interior and Insular Affairs, and he agrees that the bill should have been referred to the Committee on Agriculture and Forestry. I ask unanimous consent that S. 1148 be removed from the calendar and committed to the Committee on Agriculture and Forestry for further study.

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

AUTHORITY FOR COMMITTEES TO FILE REPORTS DURING THE ADJOURNMENT OF THE SENATE

Mr. KENNEDY. Mr. President, I ask unanimous consent that, during the adjournment of the Senate from the close of business today until 10 a.m. on Monday next, all committees be authorized to file reports.

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

ADJOURNMENT TO MONDAY AT 10 A.M.

Mr. KENNEDY. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in adjournment, in accordance with the previous order, until 10 a.m. on Monday next.

The motion was agreed to; and (at 7 o'clock and 45 minutes p.m.) the Senate adjourned until Monday, December 15, 1969, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate December 12, 1969:

U.S. ATTORNEY

James L. Browning, Jr., of California, to be U.S. attorney for the northern district of California for the term of 4 years vice Cecil F. Poole.

IN THE ARMY

The following-named officer for temporary appointment in the Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 3442 and 3447:

To be brigadier general

Chaplain (colonel) Gerhardt Wilfred Hyatt, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

IN THE ARMY

The following-named officers for promotion in the Regular Army of the United States, under the provisions of title 10, United States Code, sections 3284 and 3299:

To be lieutenant colonel

Nelson, William J., [redacted].

NURSE CORPS

To be lieutenant colonel

Rolph, Marion L., [redacted].

To be major

Ellis, Donald R., [redacted]
Graham, William A., Jr., [redacted]
Orlowski, Joseph, Jr., [redacted]
Richey, Wayne B., [redacted]
Schultz, Jerold D., [redacted]
Silvanic, George, [redacted]
Webb, Loren W., [redacted]

MEDICAL CORPS

To be major

Bowman, John A., xxx-xx-xxxx.

MEDICAL SERVICE CORPS

To be major

Samuels, Alan, xxx-xx-xxxx.

To be captain

Bates, Thomas J., xxx-xx-xxxx.
Bays, Lee L., xxx-xx-xxxx.
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To be captain

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Endress, James R., xxx-xx-xxxx.

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To be captain

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DENTAL CORPS

To be captain

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Davila, Manuel A., xxx-xx-xxxx.
Gustincic, David J., xxx-xx-xxxx.
Murphy, Patrick W., xxx-xx-xxxx.
Sciubba, James J., xxx-xx-xxxx.

VETERINARY CORPS

To be captain

Cole, William C., xxx-xx-xxxx.

MEDICAL SERVICE CORPS

To be captain

Cammarata, Frank A., xxx-xx-xxxx.
Waaks, Norman H., xxx-xx-xxxx.

ARMY NURSE CORPS

To be captain

Foree, Betty M., xxx-xx-xxxx.
Johnson, Richard S., xxx-xx-xxxx.
Morris, Wayne S., xxx-xx-xxxx.
Winnicki, Michael L., xxx-xx-xxxx.

To be first lieutenant

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Vail, Leslie B., Jr., xxx-xx-xxxx
Valdes, Victor M., xxx-xx-xxxx
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Walker, Conley E., xxx-xx-xxxx
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Walsh, James D., Jr., xxx-xx-xxxx
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Walters, John A., xxx-xx-xxxx
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Ward, Nathaniel P., xxx-xx-xxxx
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Wark, Richard W., xxx-xx-xxxx
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Washington, Curtis L., xxx-xx-xxxx
Watkins, John M., Jr., xxx-xx-xxxx
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Waylonis, Kenneth A., xxx-xx-xxxx
Webb, Stan L., xxx-xx-xxxx
Webster, George K., xxx-xx-xxxx
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Weinstein, Leonard, xxx-xx-xxxx
Weis, Gerhard W., xxx-xx-xxxx
Welch, Emmett A., II, xxx-xx-xxxx
Welch, Joseph L., xxx-xx-xxxx
Wells, John W. III, xxx-xx-xxxx
Wescott, Donald C., xxx-xx-xxxx
West, Oliver I., Jr., xxx-xx-xxxx
Wetmore, John F., xxx-xx-xxxx
Wheat, Paul A., Jr., xxx-xx-xxxx
Wheeler, John P. III, xxx-xx-xxxx
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Whicher, James A., xxx-xx-xxxx
Whitaker, Gary D., xxx-xx-xxxx
Whitaker, James P., xxx-xx-xxxx
White, James L., xxx-xx-xxxx
White, Jerry D., xxx-xx-xxxx
White, Jonathan W., xxx-xx-xxxx
White, Randolph C., xxx-xx-xxxx
Whitehair, Charles, xxx-xx-xxxx
Whiteside, Albert, xxx-xx-xxxx
Whitton, Robert W., xxx-xx-xxxx
Wight, William J., xxx-xx-xxxx
Wilcox, Duane W., xxx-xx-xxxx
Wiley, Howard L., xxx-xx-xxxx
Wilkinson, Robert A., xxx-xx-xxxx
Williams, Charles J., xxx-xx-xxxx
Williams, Duane E., xxx-xx-xxxx
Williams, James W., xxx-xx-xxxx
Williams, Marion G., xxx-xx-xxxx
Williams, Oler P., Jr., xxx-xx-xxxx
Williams, Robert B., xxx-xx-xxxx
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Williams, Stephen A., xxx-xx-xxxx
Williams, William R., xxx-xx-xxxx
Willison, Gary S., xxx-xx-xxxx
Wilson, Bruce M., xxx-xx-xxxx
Wilson, Daniel E., xxx-xx-xxxx
Wilson, David E., xxx-xx-xxxx
Wilson, Frank E., xxx-xx-xxxx
Wilson, Gerald R., Jr., xxx-xx-xxxx
Wilson, Haldon D., Jr., xxx-xx-xxxx

Wilson, John W., Jr., xxx-xx-xxxx
Wilson, Lynnford S., xxx-xx-xxxx
Wilson, Thomas W., xxx-xx-xxxx
Wilson, Torrence M., xxx-xx-xxxx
Wilson, Woodrow O., xxx-xx-xxxx
Winger, John H., xxx-xx-xxxx
Winterling, Grayson, xxx-xx-xxxx
Wisdom, Harry A., Jr., xxx-xx-xxxx
Wise, Harry E., xxx-xx-xxxx
Wise, Lawrence F., Jr., xxx-xx-xxxx
Wofford, Donald R., xxx-xx-xxxx
Wolak, Richard J., xxx-xx-xxxx
Wolfe, Hiram M., IV, xxx-xx-xxxx
Wolfgram, Steven W., xxx-xx-xxxx
Wood, Piers M., xxx-xx-xxxx
Woods, Alex, Jr., xxx-xx-xxxx
Woodward, Richard D., xxx-xx-xxxx
Work, Samuel C., xxx-xx-xxxx
Wright, Adrian R., xxx-xx-xxxx
Wright, Cooper L., xxx-xx-xxxx
Wright, Edgar, III, xxx-xx-xxxx
Wright, Robert W. G., xxx-xx-xxxx
Wright, Walter G. B., xxx-xx-xxxx
Wrightson, Samuel H., xxx-xx-xxxx
Wyatt, Lawayne A., xxx-xx-xxxx
Wylie, Gary D., xxx-xx-xxxx
Wysocki, Robert E., xxx-xx-xxxx
Yacovelli, Phillip, xxx-xx-xxxx
Yager, Charles S., Jr., xxx-xx-xxxx
Yamaura, Lawrence, xxx-xx-xxxx
Yoblonski, Leonard, xxx-xx-xxxx
Yolch, Andrew A., xxx-xx-xxxx
Youmans, Tommy B., xxx-xx-xxxx
Young, Earl W., Jr., xxx-xx-xxxx
Young, Eddie L., xxx-xx-xxxx
Youngquist, David E., xxx-xx-xxxx
Zaehringer, Theodore, xxx-xx-xxxx
Zahn, Sylvan A., Jr., xxx-xx-xxxx
Zakulak, Stephen C., xxx-xx-xxxx
Zehren, John V., xxx-xx-xxxx
Zeiler, Richard H., xxx-xx-xxxx
Zierdt, John G., Jr., xxx-xx-xxxx
Zimmerman, Leroy, xxx-xx-xxxx
Zipp, Kenneth A., xxx-xx-xxxx
Zurla. Thomas F., xxx-xx-xxxx

IN THE NAVY

The following named (Naval Reserve Officers Training Corps candidates) to be permanent ensigns in the line or staff corps of the Navy subject to the qualifications therefor as provided by law.

David G. Adams
Robert J. Abbott
Harold S. Adams, Jr.
Ronald E. Adams
William M. Agnew
Lawrence R. Ahern
Thomas J. Ahern, Jr.
Stephen S. Aichele
Gregory K. Akita
George E. Albright III
Michael A. Algiers
Michael A. Allen
Clare R. Allshouse
Ralph S. Allsopp, Jr.
Joseph R. Almony
David H. Altman
Raphael J. Altmann III
Richard Anastasi
David F. Andersen
Christopher E. Anderson
Craig G. Anderson
David C. Anderson
Don R. Anderson
Ferdinand August S. Anderson
Jay W. Anderson
James D. Anderson
Richard E. Anderson
Richard N. Anderson
Thomas E. Anderson, Jr.
William M. Anton
Michael R. Antonelli
Walter J. Apley, Jr.
John F. Arfman, Jr.
Andrew A. Armstrong III
Keith S. Armstrong
Robert A. Arthur
William V. Arvold III
Richard A. Ashton
Sullivan Augustine
Alan A. Autilio
Jeffrey B. Averill
Robert B. Avery
Richard F. Ayers
Robert F. Baarson
Edward E. Babyak
Charles T. J. Badenhop
Hurbert V. Bailey
Kenneth J. Baker
Larry A. Baker
John P. Barker
Laughlin M. Barker
Robert F. Barnes, Jr.
Kenneth P. Barnum
James M. Barrett
John M. Bartscher
Wayne W. Bastedo
David M. Baughan
William B. Baumgartner
Robert M. Baxter
Richard S. Beamgard
Richard A. Beck
Joseph T. Becker
Stephen A. Beckley
Dennis R. Beeson
Stephen L. Bekkedahl
Joseph P. Belotti, Jr.
Larry R. Bemis
Loren D. Bengtson
Donald R. Bensing
Barry L. Berke
Richard A. Berkseth
Robert S. Besser
Barron B. Bianco
Ralph D. Bianco
Reginald E. Biber
Robert M. Bickel
John A. Biola
Weller S. Bishopp
Philip A. Bjorlo
Michael J. Blaney
Robert M. Blankenship
Glen A. Blankenstein
William E. Blase
Robert L. Bleakley, Jr.
Frederick L. Bleier
Donald H. Bliss
Wade D. Bloom
William T. Bodie
Michael C. Boerner
Robert M. Boger
Samuel P. Boger
Donald C. Bohannon
Morris V. Boley, Jr.
Terry L. Bollman
Steven D. Bolt
Gary W. Bomkamp
Christopher C. Bonwit
Casimir J. Borowski, Jr.
Daniel J. Bowen
Melvin N. Bowers
Craig C. Bowland
Neil O. Bowman
Gregory B. Boyle
Gregory C. Bradford
Richard E. Bradley
William F. Bradley
Robert M. Brady
William D. Brasington
Donald C. Brewer, Jr.
Douglas B. Brewer, Jr.
Larry J. Bridges
William P. Bried
James F. Britt
James A. Broaddus
Steven S. Broadley
Carl R. Broberg
Jude T. Brock
Robert W. Bronson III
Michael C. Broome
Dennis R. Brons
Charles W. Broun
Donald C. Brown
Oliver C. Brown
Steven J. Brown
Thomas G. Brown
Wendell E. Brown
William N. Brudenell
Peter P. Bruderle
James S. Bunce
Robert E. Bruninga
Carroll L. Bryan
Michael R. Bryan
Wayne R. Brydon
Jack M. Buce III
William C. Buergey
Lawrence M. Bundschu
George E. Buntrock III
James R. Burdett
Andrew R. Burger
Robert J. Burger
Clifford M. Burke
Gerald T. Burns
William E. Burns
Steven G. Burtchell
Stephen A. Bush
Craig L. Butler
Richard S. Butryn
John H. Buxton
Michael C. Buzas
Bruce B. Byron
Charles J. Cadden
Patrick J. Cahill
Barry T. Caldwell
Dwight M. Callaway
Michael A. Callaway
George K. Cambron
Bruce A. Campbell
Thomas J. Campbell
Denis H. Campion
Benjamin K. Canty
Randolph S. Capri
Henry A. Cardinali, Jr.
Rodney W. Cardoza
Cary P. Carlson
James H. Carlson
Richard J. Carlson
Danny R. Carpenter
David M. Carter
John H. Carter
William J. Carter
Carl V. Cascone
Paul D. Cash
Barry L. Cassidy
Richard M. Cassidy, Jr.
Gary P. Caudill
George B. Cauthen
Edward L. Cattau, Jr.
Joseph M. Cerra
Edward C. Challberg
Michael J. Chamowitz
George J. Champagne
Thomas E. Chappell, Jr.
Pierre N. Charbonnet III
Robert E. Chatel
Ralph E. Chatham
Ricky D. Cheney
Frederick W. Cherota Jr.
Lehman F. Cheshire II
Rocco A. Chidoni
Thomas F. Chwastyk
Gerald A. Cioffi
David G. Clark, Jr.
James E. Clark
Terry L. Clark
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Christopher W. Cole
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Bruce A. Colvin
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Joseph T. Cowan
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Lyle A. Cox, Jr.
William L. Cox
Stephen J. Craig
Allan D. Crane
Robert T. Creighton, Jr.
Timothy G. Cronin
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Roger L. Crossland
Mark W. Crump
Gene Cubbison
John F. Cummings
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Robert E. Cyboron
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Thomas L. Daniels
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Edward P. Davis, Jr.
Norman F. Davis
Thomas Davis III
William B. Davis,
Glenn C. Davison
Fay Day, Jr.
Jeffrey J. Day
Robert A. Dean
William N. Deaver, Jr.
Geoffrey F. Decker
David A. Deese
Philip L. Defliese, Jr.
John Deluca, Jr.
Leonard J. Delunas
Steven A. Denning
Lloyd E. Depoy
Eric L. Derrickson
Leo J. Dete
John M. Devane III
Roger S. Dewey
Michael F. Dibello
William H. Dickinson
Robert M. Dickson
George F. Diehl, Jr.
Harry A. Diffendal
William E. Dill, Jr.
John P. Dinger
Richard S. Dipretoro
Wilbur J. Dobson
Raymond P. Dockrey
Gerald A. Dodd
Edward J. Donahue
Mark D. Donahue
Lawrence J. Dooley, Jr.
Robert E. Dorting, Jr.
Michael G. Doty
Gordon J. Douglas, Jr.
Michael M. Douglass
Roy E. Dove
Barry W. Doyle
Edward J. Doyle, Jr.
Donald O. Driskill
John L. Dryden
Eugene O. Duffy
Raymond A. Duffy
Daniel F. Duke III
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Franklin T. Dunn
Manuel Y. Durazo, Jr.
David A. Duval
James R. Dyer
Walter R. Dziokonski
James H. Eacott III
David C. Easton
Thomas F. Eberhardt
James M. Edson
Steven J. Edwards
George M. Egart
Philip H. Ehret
John M. Eisert
George W. Ekstrom
Franklin W. Ellis
William R. Ellis
James M. Ellis
Curtis J. Ellison
Gary G. Ellsworth
William T. Emery
Jeffrey P. Emrich
Robert G. Engelhardt
David F. English
Jerome R. English
Herbert C. Erbe, Jr.
Geoffrey D. Erickson
Fridtjof H. Eriksen
Troy J. Erwin
Joseph O. Estabrooks
Charles T. Esterl
Michael A. Evans
David P. Evansin
Brian R. Evdo
Michael E. Ewers
Michael D. Farrell
Paul D. Faubell
Ronald L. Fauquet
Mark R. Feichtinger
Jeffrey E. Ferguson
John O. Ferguson
John J. Ferry, Jr.
Walter C. Fidler
Jeffrey J. Fink
John K. Finnell
David A. T. Fish
William H. Fischer
Charles S. Fisher
Douglas F. Fisher
Kevin F. Fitch
Richard S. Fitzpatrick
Joseph J. Fitzsimmons
David N. Fleischer
Erick M. Flocken
Roberto Flores, Jr.
John M. Foerster
John C. Foland
David Folsomjones
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Randall E. Foote
Ray T. Forbes
Robert E. Ford
Michael E. Foster
William L. Fowler
John R. Fox
Bruce M. Fox
John W. Fox, Jr.
Mark Fox
William L. Fox, Jr.
Terrance C. Frame
Walter C. Frampton, Jr.
John W. Francis
David E. Frank
Charles D. Franklin
Marvin A. Franklin II
Ronald J. Franklin
Alfred R. Fratzke, Jr.
Kurt R. Fredland
Thomas O. Freeburger
Robert N. Freedman
Ronny W. French
Harald Freybe
Dennis R. Frisch
Paul S. Fromer, Jr.
Daniel S. Fulton
Robert F. Fye
Gabriel Gaal
Paul R. Gaddie
Myrick W. Gaffney
Alan W. Garey
Gary W. Garland
Dennis L. Garlington
Robert R. Gasink
Richard C. Garrison
David E. Garvin
Robert R. Gasnik
Terrence M. Gautreaux
Richard A. Gaw
Joseph W. Gawinowicz
Robert E. Gebhardt, Jr.
Thomas F. Gede
Gary Gelzer
Patrick L. Gengler
Anthony R. Getchey
James M. Geyton, Jr.
Peter W. Gibbons
Robert C. Giffen III
Dale A. Gilbert
Robert C. Gillette
William D. Gilligan
Charles R. Gimbel
Donald J. Glasser
Robert R. Gnerlich
John E. Goebel
Michael G. Goforth
Marc L. Goldschmitt

Stephen J. Golle
Daniel E. Gorman
George R. Goswick
William F. Gotha
Dexter V. Gould
Terry L. Grambsch
Patrick Grant, Jr.
Michael W. Grasham
Barry R. Green
Barton L. Green II
Thomas J. Green, Jr.
Alan R. Greene
Ronnie R. Gregory
William B. Gresham III
James D. Gribben
Russell L. Griffith
George K. Grimmer
David A. Gronewald
Jerome B. Gronfein
Jerome P. Grove
Bruce P. Gudenkauf
Kenneth W. Guest
John E. Gulas
Robert J. Gunn
Donald J. Guter
Frank A. Haas
Kent L. Habermeyer
John M. Hacker
Ronald S. Hagadone
Paul W. Hagen
Jon G. Hagerman
James T. Hagood
Randall P. Hahn
Frank D. Haines
Thomas P. Hall
William B. Hall, Jr.
Russel E. Hammond
James M. Haney
John T. Hanley
William R. Hansell, Jr.
John H. Hanson
Robert T. Hanson
Ryan L. Hanson
John N. Hansson
Robert R. Hare III
William Harleston, Jr.
John F. Harper III
Clinton P. Harris
James D. Harris
John K. Harris
Mark M. Harrison
Christopher R. Hartle
Jeffrey E. Hartman
Frederick W. Harvey II
John K. Hassenplug
Anthony J. Hussey, Jr.
Stephen G. Hawkins
Thomas E. Head
Joseph R. Headrick
John H. Heckmueller
Stephen G. Heinz
William E. Heitz
John M. Held
James F. Heleniak
James C. Helmkamp
Gary L. Helwig
Breck W. Henderson
Christopher C. Henderson
Harold A. Henderson
James R. Henley
Dean Henry
Douglas D. Henry
Ted A. Henry
William D. Henry
Garry L. Herbert
Alan K. Herbst
Robert B. Hereford
Paul I. Herman
Joel R. Hersh
James R. Higgins
Charles S. Hill
Robert L. Hill
Willam H. Hill III
Hugh A. Hilton
Terry D. Hobbs
Timothy A. Hoblitzell
Albert Hoefer III
Richard B. Hoffman
James W. Hogan, Jr.
Thomas J. Hogan
James H. Holbach
Edwin F. Holcombe, Jr.
John R. Hollcraft
Charles L. Hollingsworth
Dwight P. Holm
Raymond A. Holme II
Stanley O. Holmes
William P. Holsten
Marshall V. Holstrom
Charles C. Hooper
James E. Hooper
Gary Hopkins
Geoffrey V. Hopper
Jonathan M. Howard
Joseph W. Hrbek, Jr.
Van R. Hubbard
David L. Huber
Barry E. Hudspeth
David G. Hughes
Michael D. Hughes
Douglas E. Hurley
John W. Hussey
Stephen C. Hutchins
Robert L. Hyatt
Michael L. Hyjek
Daniel R. Ice
John L. Ilgen
Philip C. Imming
Jasper M. Infinger
Francis C. Inverso
Gordon C. Jackson
William A. Jackson
Ernest K. Jacquet
Walter W. Jenkins
John B. Jinks
Per Sven Johannessen
Donald W. Johanson
Eddie E. Johansson III
Christopher H. Johnson
Daniel J. Johnson
Earl W. Johnson, Jr.
Gary Q. Johnson
Geoffrey N. Johnson
Jerry R. Johnson
John C. Johnson
Michael R. Johnson
Phillip L. Johnson
Ralph P. Johnson
Robert A. Johnson
Terrence B. Johnson
Samuel L. Jones
Stanley L. Jones
William T. Jones
Thomas B. Kalish
James P. Kalkofen
Robert J. Kanaley, Jr.
John E. Kane II
Clarke K. Kawakami
William R. Keen
Thomas E. Kennedy
Robert H. Kent
Michael M. Kephart
Charles M. Kern
Thomas S. Key
Stephen A. Keyser
John D. Kidd
Jay K. Kidney
Robert C. King
Robert T. Kinne, Jr.
James E. Kirby
Frederick B. Kiremidjian
Robert J. Kissinger
Ronald M. Kissman
Jay R. Kistler, Jr.
Jerry M. Kitzman
Kenneth A. Klase
Thomas Kleehammer
David C. Klementik
Stephen P. Klotz
Patrick R. Kluever
David S. Kluxen, Jr.
Bernard T. Kneeland, Jr.
John H. Kniering, Jr.
Mark M. Knock
John C. Knoll
William H. Knull III
Frederick R. Koch
Paul F. Koffend, Jr.
Paul S. Koller
Michael C. Komelasky
Henry Kopicko
Thomas W. Koster
Michael Kovar
Thomas E. Kraemer
James E. Kraft
Kevin J. Kramer
Kenneth W. Kraska
Charles F. Krause
Russell W. Krey
Lewis E. Kronick
Kim Krummeck
Thomas M. Krupp
James D. Kuemmel
Henry F. Kuhlman
John A. Kuhlmann, Jr.
Thomson M. Kuhn
Daniel G. Kuttner
William S. Kwiatkowski
John W. Labreche
Norvel W. LaChance
Roger J. Lafauci
Peter M. Lagerman
James M. Lagrone
Bruce A. Lampert
William B. Land
Judson T. Landers
Charles E. Landry.
Walter L. Lang
James F. Langell
Ralph P. Larimer
Nicholas R. Laterza
Jeffrey E. Lawson
Thomas P. Lawton, Jr.
Frederick J. Leach
John J. Leary
Ronald W. Ledwith, Jr.
Kenneth A. Lee, Jr.
Harold Lehtonen II
William E. Leighty
Donald A. Lelonis
William D. Leopardi
John F. Letts, Jr.
Allan A. Lewandowski
Laird W. Lewis, Jr.
James J. Lia
Herbert E. Libbey
John B. Lindemood
Patrick C. Linnen
David M. Lipeles
Gerard F. Locke
James W. Locke, Jr.
Stephen A. Locke
John R. Lombardi
William C. Longa
Karl F. Loomis
Robert G. Love, Jr.
Raymond L. Love
Allan F. Lowe
Cary D. Lowe
John M. Lowe
John F. Lucas
Donald R. Ludwig
Roy A. Lundeen
Thomas H. Lundin
Robert F. Lundy
Hollis E. Lunsford
Michael W. Lummen
Stephen C. Lupton
Jerry E. Lusk
Jeffrey R. Lydiard
John F. Lynch
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Valentine D. Lynch, Jr.
James D. Lyness
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Preston V. Lyon
Ross E. McCandless
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Rex C. McCay
Erwin L. McClendon
David G. McClure
Ryan J. McCombie
Steven C. McConaugh
William K. McCord
Michael G. McCotter
Steven A. McCreary
Thomas W. McDermott
Oliver R. McElroy, Jr.
Terence P. McElwee
Randall J. McEwen
Clyde E. McFarland, Jr.
John R. McGaha, Jr.
William P. McGinnis
Francis D. McGrath
George J. McGuane, Jr.
Leonard F. McGugin, Jr.
Michael E. McGurk
Donald R. McKenzie, Jr.
Daniel T. McKessy
John H. McKim, Jr.
Michael T. McMurray
Brian J. McNamara
Donald H. McNamara
Paul T. McNaughton
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Douglas M. Mackay
Paul F. Madaio
Thomas W. Mader
Robert J. Madruga
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John S. Mahoney
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Anthony J. Mancini
John L. Mangan
Craig R. Mann
Robert J. Manning
Earle B. March, Jr.
Donald R. Marsh
Jeffrey R. Martell
Michael B. Martella
Elton J. Martin, Jr.
John D. Martin
David P. Maslen
Richard E. Mason
Robert J. Mastrangelo
Paul A. Mathew
James R. Matthews
Robert B. Matthews, Jr.
Michael J. Mayfield
Robert A. Meadowcroft
Gregory D. Meadows
Michael V. Mecca
Bruce M. Meilinggaard
Lawrence D. Mercer
Robert L. Merring
Thomas B. Merritt
Richard D. Metcalf
William T. Metcalf
Leonard A. Metildi
Verner E. Mettin, Jr.
Glenn W. Meyer
James V. Meyers
Stephen D. Meyer
Joseph A. Meyertholen
Timothy A. Michael
James R. Michaels
Joseph A. Mihalcik
David R. Miles
Donald J. Miles
Hubert J. Miller
Paul L. Miller
Richard S. Miller
Russell H. Miller
William G. Miller, Jr.
William H. Miller
Kenneth H. Miner, Jr.
James R. Minor
Larry J. Mitchell
William G. Moeller
William J. Mondoux III
Edward P. Moffett
Steven F. Monthey
Anthony J. Montoya
Raymond L. Moon
Harold M. Moore
Hollis A. Moore III
Thomas J. Moore III
Joseph J. Moran
Steven K. Moreno
David Morgan
William R. Morgan
Lee P. Morris
David I. Morrison
John P. Morse
John C. Mosher
Donald A. Motson
Alexander F. Motten
Edward D. Moulder
William M. Moye
Michael P. Muetzel
John J. Mulkeen, Jr.
Michael C. Mullen
David G. Muller, Jr.
David R. Mulvey
Gerald K. Mulvey
Donald C. Mumma
Gates S. Murchie
Brian C. Murphy
Michael J. Murphy
Robert E. Murphy
Michael T. Murray
Albert C. Myers
Roger A. Myers
William N. Myers
Rodney S. Nathan
David F. Neale
Robert T. Nelson
Charles D. Nesbitt
Richard D. Nettesheim
John G. Newberry
Christopher E. Newton
Willis G. Newton
Michael R. Nielsen
Christopher A. Nintzel
Peter A. Nisbet
Richard M. Norman
David A. Norris
Rick J. Norris
Thomas W. Northrop, Jr.
David J. Nowak
George W. Nowell
Mark M. Nunlist
Geoffrey R. Nye
Stephen C. Nyland
Steven L. Ochsner
Michael A. O'Connell
Ronald K. Ogletree
Charles G. O'Hara
Russell R. O'Hara
Baird D. Oldfield
Alan C. Olin
Joseph W. O'Loughlin
Charles C. Olsen
Eric A. Olson, Jr.
Larry S. Olson
Bernard P. O'Meara
John P. O'Neill
Jon C. Oplinger
John M. O'Sullivan
Sheldon C. Otto
Richard L. Owen
Ricky L. Owens
Thomas B. Owen, Jr.
Edward R. Pacheck, Jr.
Maurice T. Paine III
Daniel L. Palacheck
James L. Parham
Patrick J. Park
Ernest R. Parkin
Michael C. Parkin
Donald P. Paskewitz
John W. Patrick
Philip D. Patterson
Thomas G. Patterson, Jr.
Kent A. Paulsen
Louis G. Paulson
John F. Pearce
Jonathan C. Pearson
Robert T. Pearson
Robert W. Peck
John R. Pedrotty, Jr.
Daniel Pendarvis III
Richard L. Penman
Ernest J. Perez
Steven Perin
Kevin P. Perkins
Robert S. Peterman
John K. Peters
Jeffrey L. Peterson
Curtis E. Pew
David L. Pfahler
John E. Philcox
Frank H. Phillips
Richard F. Piech
Joseph M. Pilie, Jr.
William C. Pitcher
Kenneth J. Plante
Bruce A. Platt
William C. Pohl
Gary L. Pola
Nicholas A. Pope
Edward K. Poro
David G. Porter
Stephen E. Post
George A. Powell
William S. Pratt
Perry S. Preis
Noel G. Preston
Richard M. Price
Samuel R. D. Price
John A. Priester
John C. Pritchard, Jr.
David B. Puffer
Alexander W. Purdue, Jr.
Kenneth C. Purdy
Jeffrey D. Quint
John H. Quinn, Jr.
David W. Rackiewicz
Michael J. Ragnetti, Jr.
Richard K. Raines
Phillip G. Ramsey
Bruce W. Ranney
Michael S. Rathbun
Curtis S. Rathburn
Daniel M. Rau
Ronald E. Rautenberg
Terry A. Raymond
Thomas S. Read
Stephen T. Register
Peter A. Regnier
Steven A. Reisinger
Edward C. Reutemann, Jr.
Danny W. Reynolds
David V. Rhedin
Russel E. Rhoads
James W. Rice
John W. Richmond
Andrew S. Riddile
Donald E. Riebe
John A. Riedy
Robert R. Ries
William H. Rigby, Jr.
Daniel D. Riley
Steven L. Riley
John C. Rinaldo
Robert A. Riolo
William H. Roberson III
Frank L. Robilotto
Scott Robinson
John C. Roboski
Thomson W. Rockwood
Dennis P. Roderick
Richard M. Roderick

James G. Rogers III
Paul A. Rogers, Jr.
Karl O. Rohlich
Henry S. Romano, Jr.
Richard M. Romero
George W. Roope III
David C. Ross
Michael C. Ross
Michael F. Rosselle
Jeffrey I. Rosen
Philip R. Rossi
Bruce A. Roth
Ronald L. Rothrock
Robert L. Ruedisueli
Sanford L. Rugen
Robert G. Rupp II
John W. Russell
Richard W. Rutter
Marquis J. Ryan
Robert J. Ryan
Stephen E. Ryan
John R. Sanders
Thomas W. Sanders
Grant W. Sassen
Joal Savino
David R. Sawyer
Larry J. Saylor
Robert P. Schack
David A. Scheiwe
Charles W. Schellhorn
Dennis W. Schepman
John N. Schimmels
Donald R. Schmidt
George M. Schmidt
Joseph D. Schmidt, Jr.
Fredereick D. Schrader
Harley C. Schreck, Jr.
Willard C. J. Schreiber
Stephen R. Schmitt
Philip M. Schroeder
Thomas J. Schroeder
Stephen T. Schwab
Harold W. Schwartz
Douglas T. Scott, Jr.
Jeff C. Scott
William A. Scott
Robert M. Seeger
Gregory V. Segur
Karl W. Selden III
Robert L. Sellman
David S. Seltzer
Paul D. Semplicino
John E. Seski
James S. Sexton
Robert F. Shanks
David R. Shaw
Robert E. Shaw
James K. Shearer
Timothy O. Sheehan
Theodore C. Sheline II
Scott H. Shepard
Wilbur F. Shepherd
Bruce E. Sheppard
Walter T. Sheppard
John E. Sherbin
Gerald F. Sherm
Steven C. Shinn
Richard W. Shock
Ronald J. Shown
Michael D. Shutt
Walter W. Simmers
John W. Simmons II
William F. Sinclair, Jr.
Paul D. Skinner
Steven G. Slaton
James E. Smedberg
Carl M. Smith, Jr.
Emmett W. Smith
John H. Smith
John W. Smith
Kenneth W. Smith
Paul D. Smith
Richard C. Smith
Robert C. Smith
Robert E. Smith
Robert E. Smith, Jr.
Ronald C. Smith
Thomas H. Smith, Jr.
Thomas M. Smith
Arthur E. Smoot, Jr.
Paul T. Snapp
Dennis A. Snell
Frank W. Snell
Michael J. Snyder
Ronald J. Snyder
Donald L. Souter
Douglas K. Spaulding
Robert D. Specht
Perry E. Sprague
Richard S. Springer
Leonard D. Sprinkles
Robert H. Sproule
Leslie C. Standish
Jay D. Stanke
John G. Stanke
John G. Stanley, Jr.
James M. Stasiowski
John J. Statt
Mark A. Statuto
William M. Stecker
Ben F. Stephens, Jr.
Jan B. Stephens
Robert D. Sterusky
Mark T. Stewart
Michael M. Stewart
Robert T. Stites
Bruce A. Streeter
Christopher J. Stockwell
John T. Stone, Jr.
David V. Stokes
James R. Stokes
John R. Stolle
Stephen J. Strzemienski
Mark J. Stull
Martin D. Sullivan
Timothy F. Sullivan
William D. Sullivan
Jack M. Summers, Jr.
Melvin L. Sundin
Ellis D. Sutter III
John M. Svoboda
Robert D. Swartzell
Peter M. Synowiez
Mark D. Tabing
Richard W. Talipsky
Thomas J. Tallardy
Charles E. Talmadge
Lewis W. Tandy
Rodney M. Tappen
Charles G. Taylor III
Dean E. Taylor
Eugene W. Taylor
John M. Taylor
Thomas L. Teller
Thomas L. Tempero
Dennis J. Tente
Joseph A. Terrible
Kenneth W. Thomas
Michael Thomas
Nauman S. Thomas
Robert P. Thomas
Steven E. Thomas
Benny E. Thompson
Clayton H. Thompson, Jr.
Eric C. Thompson
George A. Thompson
James J. Thompson
Mark M. Thompson
Daniel B. Thornhill
John W. Thornton, Jr.
James H. Thorp III
Robert J. Tissier
Edgar A. Touchette, Jr.
William P. Tracey
John R. Treichler
Alex Tsaggaris
Anthony M. Turbeville
Richard S. Turk
Craig J. Turner
Prescott K. J. Turner
James A. G. Turpie
Howard K. Unruh, Jr.
David H. Uthe
Jon E. Vanamringe
Steven W. Vanderbosch
David J. Vaughn
Gregory J. Vechinski
David M. Vieira, Jr.
Timothy L. Vocke
John F. Vogt
Bruce R. Volkart
Richard D. Vonlintig
Richard L. Wade
Henry M. Wagoner
Charles R. Wallace
Paul L. Wallace
Kenneth J. Walkey
James M. Walley, Jr.
Charles C. Walls
Peter E. Walsh
Thomas D. Walsh
Douglas O. Walt
Charles G. Ward
Robert E. E. Ward
James C. Warrenfells
George C. Watkins, Jr.
John B. Watkins
Kenneth S. Watkins, Jr.
Lyle P. Watkinson
Gordon R. Wavle
Lloyd R. Weaver
James A. Webb III
Stephen E. Webb
Wayne P. Webb
Edward M. Webster
John L. Weeks III
Michael T. Webster
Paul B. Webster
Jay E. Weigel
Thomas E. Weil, Jr.
Jimmy L. Weirick
Michael J. Weiss
Richard B. Wellborn
John T. Wells
Gerald M. Westcott
John R. C. Wheeler
Charles H. Whitaker, Jr.
John T. White
John W. White, Jr.
Oakley F. White
Richard D. White
Stephen M. White
William S. White
Roy R. Whiteside
David R. Whitman
Dewey L. Whitmire
Russell T. Whitney
Richard H. Widak
Gregory Wierzbicki
Hubert B. Wilder III
Alan D. Will
Bruce W. Williams
Donald W. Williams
Elmer E. Williams
Thurman L. Willis
Charles H. Wilson
Philip G. Winger
Dennis M. Winslow
Willard J. Winterstein
Thomas M. Witte
William W. Wittmann
Peter T. Wolf
Daniel T. Wolfe
James A. Woodall IV
Jonathan H. Woodall
John H. Woodard
Brian E. Wright
David N. Wright
Gerrit L. Wright
Herbert R. Wright III
James C. Wright
John T. Wright
Jon R. Wright
David L. Wurzel
Martin R. Yerick
David R. Young
Gregory C. Young
Robert W. Young
William F. Young
Carl J. Zahner
Gary L. Zambito
John P. Zeola
Albert G. Zgolinski
Donald R. Ziebell
Paul L. Zimmerman
Zachary L. Zimmerman
David E. Zuber

The following named (Naval enlisted scientific education program candidates) to be permanent ensigns in the line or staff corps of the Navy, subject to the qualifications therefore as provided by law.

Joseph H. Adkins
James C. Albright
Stephen A. Arndt
Dennis C. Arneson
Raymon D. Arnold
Jeffrey D. Babetz
Bruce E. Backlund
Roman R. Ballock
Richard D. Barrows
Richard E. Beason
Benjamin G. Belrose
William E. Beyatte
Garland A. Boyd
Ted M. Brandt
Patrick J. Braniff
Samuel H. Brennan, Jr.
Robert C. Brenner
Dural W. Browning
Frederick W. Burr
Thomas A. Butler
William F. Bush
John S. Cameron
David R. Carlson
William G. Carlson
Steven A. Carson
Gary D. Caster
George R. Cathcart
John B. Cavender III
Larry N. Church
Richard E. Clark
Robert A. Clark
Frederick W. Clayton
Paul R. Cochran
Hubert C. Connolly
Norman E. Cook
William E. Coons
Joseph H. Cornwell
Gary L. Cruzan
Clarence W. Culwell
Gregory J. Czech
Dennis M. Davidson
James M. Daniel
Kenneth H. Delano
Richard L. Densley
Kenneth W. Denton
James R. Denzien
Jay D. Dresner
Jerry R. Dumbauld
Charles T. Edwards
Jesse D. Edwards
Robert A. Erwin
James L. Estes
Robert B. Evans
Ronald H. Falstreau
Leigh R. Fenneman
Steven H. Fessenden
William R. Fitzgerald
Johnnie E. Ford
Donald F. Fortik
Benjamin N. Frith III
Michael D. Gaden
George B. Gilbert
Ronald T. Gross
John Haigis
Terry C. Hart
William L. Hatch
Bruce W. Hawkins
John W. Hedegor
Nathan M. Hess
Larry A. Hillerman
James E. Hodges
John E. Hogan
Wayne M. Hollinger
Richard L. Horner
Russell D. Horsley
Daniel W. Horton
William A. Houk
Thomas E. Hudgins
Stephen A. Hulsizer
Olin H. Jennings
James A. Jordan
Donald K. Kaider
Wayne G. Kaiser
Roy W. Kampen
Jerry A. Kane
John C. Kellas
Richard E. Kelly
Bruce R. Kemp
George V. Kerr
Everet V. Kincheloe
William C. Klein
Glenn K. Knechtel
William R. Lambert
Jerry J. Lampert
Bruce A. Langdon
James S. Lantz
Daniel F. Lashbrook
Lowell G. Lewis
John R. Lieurance
Robert E. Little
James L. Loynes
Lawrence J. Mack
Ezra E. Manes
Frederick C. Marcell
Clarke A. Maxwell
Michael J. McCulley
Willard B. McDougal
Tommy R. McFalls
James D. Melton, Jr.
Larry A. Meyer
James L. Middle
Donald D. Miller
Charles R. Morris
Fredricke M. Morris
Arthur R. Nation
Donnell J. Nickens
Shonnie J. Patterson
Robert H. Penhollow
Robert W. Perrin
James E. Perry
Philip E. Peterson
Gerald D. Petry
John B. Polwarth
Michael G. Riegel
Gary L. Rigg
Iver J. Rivenes
Jaime Rivera
Crichton C. Roberts
John D. Robinson, Jr.
Norman L. Rogers
David G. Rundall
Gary B. Samuel
Arthur M. Samuels
Marvin R. Scamihorn
Hubert F. Schmidt
Robert H. Schmidt
James E. Schneider
Milton D. Schroeder
Gregory A. Schwaller
Thomas A. Seitz
Robert R. Setzekorn
Merwyn R. Shonk
Dan A. Siegel
Alan J. Skille
Dean A. Snell
Jack A. Snelson
Gary G. Spangler
Carroll B. Sparks
Frank A. Stasi
Robert G. Stentz
Charles E. Stephens
Floyd S. Stevinson
John M. Stewart
William T. Subalusky
David V. Tanner
Arch E. Taylor
Paul L. Thayer
Arthur N. Thornhill
Ronald D. Townsend
Robert J. Tyler
Richard M. Uttich
Richard S. Valdivia
Paul F. Vantassel
John B. Vercher
William J. Vetsch
Larry P. Vines
James M. Waddle
Lynn L. Waite
Ronald W. Walters
William A. Watkins
William L. Weber
James C. West
Harold N. Wheeler
Darrell E. Whitney
Douglas H. Williams
John R. Wise
William L. Wolpert
Don A. Wood
Peter C. Zylkowski

Don S. Angelo (Naval Reserve officer) to be a permanent lieutenant and a temporary lieutenant commander in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law.

Victor A. G. Brochard (Naval Reserve officer) to be permanent lieutenant (junior grade) and temporary lieutenant in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve officers) to be permanent lieutenants (junior grade) and temporary lieutenants in the Dental Corps of the Navy, subject to the qualifications therefor as provided by law.

George MacLeod
Joseph J. Maiorana
Maxime J. Poirrier

The following-named (civilian college graduates) to be permanent lieutenants (junior grade) and temporary lieutenants in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law.

Frank Grabarits
Charles T. Walter, Jr.

IN THE MARINE CORPS

The following-named (Naval Reserve Officers Training Corps) for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Antonelli, Michael R.
Bachiller, Rayfel M.
Ballard, John M.
Banta, Peter A.
Behel, Ivan M.
Bennett, Thomas D.
Bennight, Kenneth L.
Bergstrom, Dan T.
Biesemeier, Harold W., Jr.
Brock, Jude T.
Brons, Dennis R.
Brown, Shepard R.
Burak, Thaddeus H., Jr.
Burch, Joseph E.
Burfield, Timothy L.
Burton, Richard E.
Canada, Tommy D.
Carman, Edward L.
Carroll, William H., Jr.
Cassidy, Barry L.
Colton, Russel C.
Colyar, Henry J.
Cryder, Michael J.
Danin, Mark L.
Daugherty, James R.
Day, Joseph J.
Depass, Robert J.
Eichorn, Robert R.
Fassino, Michael C.
Fischer, Vincent L., Jr.
Fish, Ronald C.
Fogle, Homer W., Jr.
Forrester, Robert A.
Foster, Percy E.
French, Richard B.
Frisbie, James R.
Galloway, Francis O., Jr.
Garcia, Lawrence E.
Gerberding, Philip C.
Gordon, Gregory K.
Graham, Richard S.
Hardee, James C.
Hare, Robert R., III
Hart, Robert L.
Havrilla, Michael J.
Henderson, David H., Jr.
Hoemann, Kingsley E.
Huley, Jan C.
Johansson, Eddie E., III
Kane, Terry R.
Kephart, Michael M.
Kruse, Raymond M.
Leonardo, James F.
Livingston, Robert J.
Lyndes, Lee T.
Mahon, John F.
Mann, Edwin C.
Marshall, Gary W.
Maxie, Michael J.
May, Roy G.
McDonough, Ian D.
McLaughlin, James M.
Meade, Gene S.
Metcalf, Richard D.
Moon, Frederick J.
Mullane, John C., Jr.
Myers, William N.
Nadeau, Lawrence L., Jr.
Nance, Michael R.
Noll, Raymond K.
Polak, Raymond L.
Reardon, Edward J., Jr.
Roberts, Gregg
Robichaud, Robert S.
Rys, Robert A.
Sall, James E., Jr.
Scarlett, Ervin W., Jr.
Schlegel, Stanley C.
Seemeyer, William J.
Sherbin, John E.
Shintani, Richard Y.
Short, James J.
Solymossy, Leslie
Spaulding, Douglas K.
Sreboth, Michael J.
Stevens, Ronald L.
Stewart, Henri P.
Teague, William B., III
Tolle, Theodore K.
Tripp, Dennis E.
Turner, Craig J.
Tyler, Douglas D.
Varley, Robert J.
Vocke, Timothy L.
Walker, Richard W.
Williams, Hensley C.
Williamson, David L.
Wilson, Thomas E.
Wood, Joel O.
Zakielarz, George E.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 12, 1969:

DEPARTMENT OF STATE

Michael Collins, of Texas, to be an Assistant Secretary of State.

DIPLOMATIC AND FOREIGN SERVICE

Anthony D. Marshall, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Malagasy Republic.

HOUSE OF REPRESENTATIVES—*Friday, December 12, 1969*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Let Thy work appear unto Thy servants and Thy glory unto their children.—Psalm 90: 16.

Our Father in heaven and on earth, author of our being, sustainer of our lives, and the giver of every good gift, we lift our hearts unto Thee praying that Thy spirit may so possess us that it will crowd out all evil intentions and enable us to think great thoughts, to do generous deeds, and to live genuinely good lives. Thus may we hallow Thy presence this day and all through the Advent season.

We commend to Thy loving care the men and women in our Armed Forces. Keep them strong when tempted, steadfast when lonely, and steady in the performance of duty when in peril that they may serve Thee without stumbling and without stain. Bless their homes through these days of separation and keep them loyal to each other, to our country, and to Thee.

Crown with success, we pray Thee, the efforts of our conferences to end war and to mark the beginning of peace on this planet. To this end may we follow the leading of Thy spirit. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill and concurrent resolutions of the House of the following titles:

H.R. 4244. An act to raise the ceiling on appropriations of the Administrative Conference of the United States;

H. Con. Res. 345. Concurrent resolution providing for printing as a House document "A Guide to Student Assistance"; and

H. Con. Res. 407. Concurrent resolution to authorize the printing as a House document the pamphlet entitled "Our Flag."

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 9233. An act to amend title 5, United States Code, to promote the efficient and effective use of the revolving fund of the Civil Service Commission in connection with certain functions of the Commission, and for other purposes; and

H.R. 14916. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1970, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 14916) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1970, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PROXMIRE, Mr. MONTOYA, Mr. EAGLETON, Mr. PEARSON, and Mr. YOUNG of North Dakota to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 2102. An act for the relief of Percy Ispas Avram;

S. 1389. An act for the relief of Alex G. W. Miller;

S. 2523. An act to amend the Community Mental Health Centers Act to extend and improve the program of assistance under that act for community mental health centers and facilities for the treatment of alcoholics and narcotic addicts, to establish programs for mental health of children, and for other purposes;

S. 2809. An act to amend the Public Health Service Act so as to extend for an additional period the authority to make formula grants to schools of public health, project grants for graduate training in public health and traineeships for professional public health personnel;

S. Con. Res. 47. Concurrent resolution authorizing the printing of the report of the proceedings of the 44th biennial meeting of the Convention of American Instructors of the Deaf as a Senate document; and

S. Con. Res. 50. Concurrent resolution authorizing the printing of additional copies of the 1969 report of the Senate Special Subcommittee on Indian Education (Senate Report 91-501).

APPOINTMENT OF CONFEREES ON H.R. 14916, DISTRICT OF COLUMBIA APPROPRIATIONS, 1970

Mr. NATCHER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14916) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1970, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The Chair hears none, and appoints the following conferees: Messrs. NATCHER, GIAIMO, PATTEN, PRYOR of Arkansas, MAHON, DAVIS of Wisconsin, RIEGLE, WYATT, and BOW.

AUTHORIZING THE PRESIDENT TO PROCLAIM THE SECOND WEEK OF MARCH 1970 AS VOLUNTEERS OF AMERICA WEEK

Mr. ROGERS of Colorado. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the joint resolution (H.J. Res. 10) authorizing the President to proclaim the second week of March 1970 as Volunteers of America Week, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the joint resolution.

The Clerk read the Senate amendment, as follows:

Page 1, lines 3 and 4, strike out "annually."