

Paul E. Brown  
Wayne P. Campbell  
James C. Cockerl  
Thomas C. Dean  
Rex W. Foster, Jr.  
Charles E. Ganc  
John J. Gaynor, Jr.  
Robert J. Gleason  
John R. Gregory  
Frank H. Griffin, III  
Robert P. Hansen  
Norris G. Henthorne,  
III  
Walter T. Hicock  
Robert J. Hopmann  
Charles W. Holmes  
Edward A. Horne  
William H. Hunt  
Michael E. Jackson  
John B. Kelly  
William R. Knapp  
Patrick P. Oates  
John A. Janega  
Michael L. Parks  
Simon Poljakow

John W. Schwab, Jr.  
William H. Stubble-  
field  
Joshua D. Tallentire  
Harry B. Wease  
David L. Weber  
Edward R. Zaptin  
Gerald B. Benes  
Gofdon E. Evans  
Richard L. Jahne  
Joseph T. Jewell, III  
Frederick E. Leek, II  
Craig L. Mayer  
Ronald C. Skelton  
James R. Benson  
M. L. Buchanan, Jr.  
Blake J. Cate, Jr.  
Steven E. Gugas  
Patrick A. Nourot  
Ralph A. Orlandella  
Ronald S. Rossini  
James A. Ruska  
William J. Sublette  
Thomas M. Timber-  
lake, Jr.

Bessette, Alfred F.  
Binion, Sammy G.  
Bragg, Donald R.  
Burnham, Thomas R.  
Cerqua, Vincent  
Chepenik, Marcus P.  
Dawson, William J.  
Dearing, Hugh H. II  
Docherty, Daniel J.  
Dodd, Howard C.  
Eveler, Bernard H.  
Florian, Frederick J.  
Gingras, Leon E.  
Hodge, Tommie S.  
Hutson, Clarence E.  
Jacques, Timothy A.  
Jenkins, Eugene  
Johnson, Charles A.  
Kampen, Gordon E.  
Kennedy, Michael B.  
King, Carl E.  
Lindsay, Jimmie A.  
Lopes, Robert  
Madda, Anthony V.  
Madenford, Eugene  
Martin, Darrell F.

Marx, Ronald E.  
Mayo, James E.  
Medrano, Gary F.  
R. Morris, Wayne V.  
Moylan, Michael J.  
Napier, Freddie  
Nottingham, Arthur  
W.  
Novak, Francis P.  
O'Dell, Jerry W.  
Pulda, Terrence T.  
Pullin, Jesse P.  
Rizzo, Joseph F.  
Roebuck, Kenneth D.  
Schuette, Walter R.  
Sellers, Thomas R.  
Shanklin, Michael L.  
Shepherd, David H.  
Stone, Robert A.  
Tedrick, Robert B., II  
Tracy, Terry N.  
Webb, Jesse E.  
Wilson, Joseph C.  
Yantorn, James J.  
C. Young, William C.

Barber, Robert, Jr.  
Barrett, Odis L.  
Berryhill, Thomas J.  
Fernandez, Orlando  
Fritz, Ray  
Glidevell, Horton A.  
Jones, Larry  
Kennedy, Floyd M.  
Mallick, Michael T.  
McCartney, Charles A.  
McGuire, Jerome M.

Miller, Ashby R.  
Miranda, Jimmy  
Moore, David D.  
Newman, John N.  
Panchy, Louis N.  
Robinson, Wade A.  
Staigle, Charles L.  
Wallace, Charles L.  
Woltner, Rudolph E.,  
Jr.

The following named (commissioned war-  
rant officers/warrant officers) for temporary  
appointment to the grade of second lieutenant  
in the Marine Corps, for limited duty,  
subject to the qualifications therefor as pro-  
vided by law:

Baltezore, Allen  
Boehlike, Fred W.  
Chambers, Walter C.  
Fischer, Frederick  
J., Jr.  
Flowers, James J.  
Ganeles, Burton F.  
Gerber, Robert P.  
McClay, Thomas F.  
Nelson, Clarence M.,  
Jr.  
Nowark, Billie F.  
Ochoa, Johnnie M.  
Palumbo, Lewis H.  
Reffelt, Edwin L.  
Sykes, Donald B.  
Tesh, David M.  
Zigovsky, Martin J.

The following named (staff noncommis-  
sioned officers) for temporary appointment  
to the grade of second lieutenant in the  
Marine Corps, for limited duty, subject to  
the qualifications therefor as provided by  
law:

Croston, John L.  
Ermish, Harold J.  
Fish, George F.  
Hinson, Earl M.  
Houghton, Carl K.  
Hulce, Jack M.  
Huning, Nell V.  
Jennings, Gordon D.  
Lee, Harvey C.  
Lee, Jewell D.  
McCallum, Philip L.  
Miller, Frank L.  
Shoup, Allen D.  
Thompson, Charles E.  
Tibbetts, David L.  
Williams, Herbert W.

The following named (Platoon Leaders  
Class) for permanent appointment to the  
grade of second lieutenant in the Marine  
Corps, subject to the qualifications therefor  
as provided by law:

Messerschmidt, James A.  
Nogueiro, Juan C.

Executive nominations received by the  
Senate April 14, 1969:

#### DIPLOMATIC AND FOREIGN SERVICE

Carl J. Gilbert, of Massachusetts, to be  
special representative for trade negotiations,  
with the rank of Ambassador Extraordinary  
and Plenipotentiary.

#### DEPARTMENT OF AGRICULTURE

Thomas K. Cowden, of Michigan, to be an  
Assistant Secretary of Agriculture.

#### INDIAN CLAIMS COMMISSION

Brantley Blue, of Tennessee, to be Com-  
missioner of the Indian Claims Commission.

#### IN THE MARINE CORPS

The following named (staff noncommis-  
sioned officers) for temporary appointment  
to the grade of second lieutenant in the Ma-  
rine Corps, subject to the qualifications  
therefor as provided by law:

Acri, Albert A.  
Adams, Andrew W.  
Ale, Richard L.  
Angle, Donald A.

The following named (Naval Reserve Of-  
ficers Training Corps) for permanent ap-  
pointment to the grade of second lieutenant  
in the Marine Corps, subject to the qualifi-  
cations therefor as provided by law:

Blevins, Earl A.  
Gardner, William D.  
Greene, Michael R.  
Howard, John E.

The following named (Navy Enlisted Scien-  
tific Education Program) for permanent ap-  
pointment to the grade of second lieutenant  
in the Marine Corps, subject to the qualifi-  
cations therefor as provided by law:

McConaghy, Dennis A.

The following named (commissioned war-  
rant officers/warrant officers) for temporary  
appointment to the grade of first lieutenant  
in the Marine Corps, for limited duty, subject  
to the qualifications therefor as provided by  
law:

## HOUSE OF REPRESENTATIVES—Monday, April 14, 1969

The House met at 12 o'clock noon.  
The Reverend Father Joseph F. Thorn-  
ing, Ph. D., D.D., St. Joseph's-on-Car-  
rollton Manor, Frederick, Md., offered  
the following prayer:

Heavenly Father, author of life and of  
love, let the light of Thy countenance  
shine brightly upon the Speaker of this  
House and upon all the Members of the  
U.S. Congress.

Grant a special blessing to the Presi-  
dent of the United States of America as,  
today, before the Organization of Ameri-  
can States, he outlines his policies for  
a revitalization and expansion of the  
programs necessary for the health, ed-  
ucation, standard of living, and socio-  
economic development of peoples in the  
inter-American system.

Since this session of the U.S. House  
of Representatives officially marks the  
silver jubilee, or 25th congressional cel-  
ebration of Pan-American Day, we join  
all men, women, and children through-  
out the Western Hemisphere in praying  
that executives, lawmakers, judges, and  
citizens may give practical support to  
broad, durable measures of progress. May  
our leaders see fit, from motives of  
brotherly love and for sound reasons of  
national self-interest, to provide more  
generous rewards for the farmers, min-

ers, managers, office, and factory work-  
ers who now, in large numbers, barely  
make a living.

Vouchsafe, dear Saviour, that this  
year of grace and this session of the  
Congress may transform into golden re-  
alities the glittering promises often pro-  
claimed under such banners as the good  
neighbor policy and the partnership  
for progress.

May we, the sons and daughters of  
God-loving peoples, be conscious of our  
responsibilities to the youth of America  
for the future well-being of all the Ameri-  
can Republics.

In a spirit of rededication, wisdom,  
fairness, love, and peace, we implore  
these divine favors in the name of the  
Christ of the Andes. Amen.

#### THE JOURNAL

The Journal of the proceedings of  
Thursday, April 3, 1969, was read and  
approved.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the Presi-  
dent of the United States was communi-  
cated to the House by Mr. Leonard, one  
of his secretaries, who also informed the

House that on the following dates the  
President approved and signed bills and  
a joint resolution of the House of the  
following titles:

On March 28, 1969:

H.R. 8438. An act to extend the time for  
filing final reports under the Correctional  
Rehabilitation Study Act of 1965 until July  
31, 1969.

On April 1, 1969:

H.J. Res. 584. Joint resolution making a  
supplemental appropriation for the fiscal  
year ending June 30, 1969, and for other  
purposes.

On April 7, 1969:

H.R. 8508. An act to increase the public  
debt limit set forth in section 21 of the  
Second Liberty Bond Act.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr.  
Arrington, one of its clerks, announced  
that the Senate had passed concurrent  
resolutions of the following titles, in  
which the concurrence of the House is  
requested:

S. Con. Res. 15. Concurrent resolution to  
print as a Senate document studies and  
hearings on the Alliance for Progress.

S. Con. Res. 16. Concurrent resolution au-  
thorizing the printing of the eulogies on  
Dwight David Eisenhower.

**THE LATE HONORABLE ALVIN M. BENTLEY**

(Mr. GERALD R. FORD asked and was given permission to address the House for 1 minute.)

Mr. GERALD R. FORD. Mr. Speaker, it is with the deepest regret that I inform the House of the death of a friend and former colleague, Representative Alvin M. Bentley, of Owosso, Mich. Al died last Thursday in Tucson, Ariz., at the age of 50 after an extended illness.

Al Bentley represented the Eighth District of Michigan in this House for 8 years, leaving at the close of his fourth term after making an unsuccessful run for the U.S. Senate.

On March 1, 1954, while still a first-termer, Al Bentley was one of five House Members who were wounded when four Puerto Rican nationalists sprayed the floor of the House with pistol shots from one of the spectator galleries. All five House Members recovered and the attackers were sent to prison.

Al Bentley came to this House with a background of experience in the diplomatic service, including tours of duty in Mexico, Colombia, Hungary, and Italy. Appropriately, he was named to the House Foreign Affairs Committee. An ardent anti-Communist, he received a Distinguished Service Award from the Veterans of Foreign Wars, Michigan Department. He also received a Distinguished Service Award from the Slovak League of America for distinguished service to the Nation.

Al Bentley was a 1940 graduate of the University of Michigan and was a member of the university's board of regents at the time of his death. He was a trustee of Cleary College and the Detroit Institute of Technology.

A man of wealth with a deep social conscience, Al established the Alvin M. Bentley Foundation and pledged \$1 million in gifts to further "science, education, and charitable projects." He received a Knights of Charity Award for his philanthropic work from Maryglade College in 1962.

Mr. Speaker, I extend my heartfelt condolences to Mrs. Bentley and the family in this time of their bereavement.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Oklahoma, our distinguished majority leader.

Mr. ALBERT. Mr. Speaker, I join our distinguished minority leader in his tribute to Alvin Bentley, who was a most competent and knowledgeable Member of this House, a very great American, as the gentleman from Michigan said, with a deep sense of social consciousness.

I remember the day Al was wounded. He was the most seriously wounded of all those who were stricken that day.

Mr. Speaker, I join the gentleman from Michigan in extending to the family of Al Bentley my deepest and heartfelt sympathy.

**GENERAL LEAVE TO EXTEND**

Mr. GERALD R. FORD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which

to extend their remarks on the life, character, and public service of our dear departed colleague, Alvin Bentley.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

The was no objection.

**CHAIRMAN PATMAN INTRODUCES LEGISLATION TO AMEND THE INTERNAL REVENUE CODE OF 1954 WITH RESPECT TO INCOME TAX TREATMENT OF CERTAIN DISTRIBUTION MADE PURSUANT TO SAVINGS AND LOAN HOLDING COMPANY AMENDMENTS OF 1967**

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

Mr. PATMAN. Mr. Speaker, on January 23, 1968, H.R. 8696, the Savings and Loan Holding Company Amendments of 1967, was under consideration in this body. At that time question was raised on providing tax relief for the divestitures that would be required under the act—CONGRESSIONAL RECORD, volume 114, part 1, pages 705-707. During the debate, I, along with others, opposed amendments to the proposed legislation which would have postponed divestiture until appropriate tax relief was provided. At the conclusion of the debate on the second proposed amendment, I stated:

Mr. Chairman why should their people expect a special consideration, a special dispensation in this case? Others have not been injured by it, and Congress has always performed its duty, and particularly in the Ways and Means Committee, and the gentleman has nothing to fear. So I hope the amendment is defeated.

The attached draft of a bill on this subject is patterned after the amendment to the Internal Revenue Code governing taxation of distributions pursuant to the Bank Holding Company Act of 1956, as amended.

Under the provisions of section 408 of the National Housing Act, as amended by the Savings and Loan Holding Company Amendments of 1967, a multiple savings and loan holding company which is conducting any activities unrelated to the savings and loan business has two alternative courses of action. It may remain a multiple, in which event it must divest itself of its business activities unrelated to the savings and loan business or it may continue those unrelated business activities and dispose of all but one of its controlled institutions, so that it is no longer classified as a multiple. The draft bill provides in essence that no tax is to be imposed on the shareholders of such a multiple where the corporation makes a distribution to them of either its savings and loan assets or unrelated business assets.

In the case of the distributing multiple itself, the usual provisions of the tax laws would continue to apply. Under those provisions, gain is generally not recognized to a distributing corporation except under unusual circumstances.

If a corporation decides to remain a multiple and distribute its unrelated assets, the distribution to the sharehold-

ers would be tax free only if the Federal Savings and Loan Insurance Corporation certified that the corporation had disposed of all property necessary or appropriate to effectuate section 408 of the National Housing Act, as amended.

If the corporation chose not to remain a multiple, it could distribute to its shareholders any stock of a subsidiary insured institution or other property of the kind which causes it to be a multiple holding company. In that case, for the distribution to be tax free, it would be necessary for the FSLIC to certify that the corporation had distributed sufficient property so that it had ceased to be a multiple holding company.

It is intended that the bill permit the distributing corporation to distribute to its shareholders all savings and loan assets which it holds without the recognition of gain even though under section 408 the corporation could retain stock in one insured institution and continue its unrelated business activities. That treatment parallels the tax treatment afforded distributions pursuant to the Bank Holding Company Act, as amended.

The draft bill would also provide tax relief in connection with required distributions by unitary holding companies pursuant to the requirements of section 408(e)(1)(a) of the National Housing Act.

Mr. Speaker, assuming this bill will be referred to the Committee on Ways and Means, it is my hope that the bill will be given immediate consideration so that the provisions of the Savings and Loan Holding Company Act of 1967 can be fully effectuated.

The text of the bill follows:

H.R. 10027

A bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of certain distributions pursuant to the Savings and Loan Holding Company Amendments of 1967

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subchapter O of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new part:

"PART X—DISTRIBUTIONS PURSUANT TO SAVINGS AND LOAN HOLDING COMPANY AMENDMENTS OF 1967

"Sec. 1121. Distributions Pursuant to Savings and Loan Holding Company Amendments of 1967.

"Sec. 1122. Special Rules.

"Sec. 1123. Definitions.

"SEC. 1121. DISTRIBUTIONS PURSUANT TO SAVINGS AND LOAN HOLDING COMPANY AMENDMENTS OF 1967.

"(a) DISTRIBUTIONS OF CERTAIN NON-SAVINGS AND LOAN PROPERTY.—

"(1) DISTRIBUTIONS OF PROHIBITED PROPERTY.—If—

"(A) a qualified holding company distributes prohibited property (other than stock received in an exchange to which subsection (c) (2) applies)—

"(i) to a shareholder (with respect to its stock held by such shareholder), without the surrender by such shareholder of stock in such company; or

"(ii) to a shareholder, in exchange for its preferred stock; or

"(iii) to a security holder, in exchange for its securities; and

"(B) the Corporation has, before the distribution (or January 1, 1970, if later), certified that the distribution of such prop-

hibited property is necessary or appropriate to effectuate section 408 of the National Housing Act,

then no gain to the shareholder or security holder from the receipt of such property shall be recognized.

"(2) DISTRIBUTIONS OF STOCK AND SECURITIES RECEIVED IN AN EXCHANGE TO WHICH SUBSECTION (C) (2) APPLIES.—If—

"(A) a qualified holding company distributes—

"(i) common stock received in an exchange to which subsection (c) (2) applies to a shareholder (with respect to its stock held by such shareholder), without the surrender by such shareholder of stock in such company; or

"(ii) common stock received in an exchange to which subsection (c) (2) applies to a shareholder, in exchange for its common stock; or

"(iii) preferred stock or common stock received in an exchange to which subsection (c) (2) applies to a shareholder, in exchange for its preferred stock; or

"(iv) securities or preferred or common stock received in an exchange to which subsection (c) (2) applies to a security holder in exchange for its securities; and

"(B) any preferred stock received has substantially the same terms as the preferred stock exchanged, and any securities received have substantially the same terms as the securities exchanged,

then, except as provided in subsection (f), no gain to the shareholder or security holder from the receipt of such stock or such securities or such stock and securities shall be recognized.

"(3) NON PRO RATA DISTRIBUTIONS.—Paragraphs (1) and (2) shall apply to a distribution whether or not the distribution is pro rata with respect to all of the shareholders of the distributing qualified holding company.

"(4) EXCEPTION.—This subsection shall not apply to any distribution by a company which has made any distribution pursuant to subsection (b).

"(5) DISTRIBUTIONS INVOLVING GIFT OR COMPENSATION.—In the case of a distribution to which paragraph (1) or (2) applies, but which—

"(A) results in a gift, see section 2501, and following, or

"(B) has the effect of the payment of compensation, see section 61(a) (1).

"(b) COMPANY CEASING TO BE A HOLDING COMPANY OR MULTIPLE HOLDING COMPANY.—

"(1) DISTRIBUTIONS OF PROPERTY WHICH CAUSE A COMPANY TO BE A HOLDING COMPANY OR MULTIPLE HOLDING COMPANY.—If—

"(A) a qualified holding company distributes property (other than stock received in an exchange to which subsection (c) (3) applies)—

"(i) to a shareholder (with respect to its stock held by such shareholder), without the surrender by such shareholder of stock in such company; or

"(ii) to a shareholder, in exchange for its preferred stock; or

"(iii) to a security holder, in exchange for its securities; and

"(B) the Corporation has, before the distribution (or January 1, 1970, if later), certified—

"(i) in the case of a multiple holding company, that such property is all or part of the property by reason of which such company controls two or more insured institutions (as defined in section 408(a) (1) (A) of the National Housing Act), or such property is part of the property by reason of which such company did control two or more insured institutions before any property of the same kind was distributed under this subsection or exchanged under subsection (c) (3); or

"(ii) in the case of any other holding company, that such property is all or part of the property by reason of which such com-

pany controls an insured institution (as defined in section 408(a) (1) (A) of the National Housing Act) or holding company, or such property is part of the property by reason of which such company did control an insured institution or holding company before any property of the same kind was distributed under this subsection or exchanged under subsection (c) (3); and

"(iii) that the distribution is necessary or appropriate to effectuate section 408 of such Act,

then no gain to the shareholder or security holder from the receipt of such property shall be recognized.

"(2) DISTRIBUTIONS OF STOCK AND SECURITIES RECEIVED IN AN EXCHANGE TO WHICH SUBSECTION (C) (3) APPLIES.—If—

"(A) a qualified holding company distributes—

"(i) common stock received in an exchange to which subsection (c) (3) applies to a shareholder (with respect to its stock held by such shareholder), without the surrender by such shareholder of stock in such company; or

"(ii) common stock received in an exchange to which subsection (c) (3) applies to a shareholder, in exchange for its common stock; or

"(iii) preferred stock or common stock received in an exchange to which subsection (c) (3) applies, to a shareholder in exchange for its preferred stock; or

"(iv) securities or preferred or common stock received in an exchange to which subsection (c) (3) applies to a security holder, in exchange for its securities; and

"(B) any preferred stock received has substantially the same terms as the preferred stock exchanged, and any securities received have substantially the same terms as the securities exchanged,

then, except as provided in subsection (f), no gain to the shareholder or security holder from the receipt of such stock or such securities or such stock and securities shall be recognized.

"(3) NON PRO RATA DISTRIBUTIONS.—Paragraphs (1) and (2) shall apply to a distribution whether or not the distribution is pro rata with respect to all of the shareholders of the distributing qualified holding company.

"(4) EXCEPTION.—This subsection shall not apply to any distribution by a company which has made any distribution pursuant to subsection (a).

"(5) DISTRIBUTIONS INVOLVING GIFT OR COMPENSATION.—In the case of a distribution to which paragraph (1) or (2) applies, but which—

"(A) results in a gift, see section 2501, and following, or

"(B) has the effect of the payment of compensation, see section 61(a) (1).

"(c) Property Acquired After April 14, 1967.—

"(1) In General.—Except as provided in paragraphs (2) and (3), subsection (a) or (b) shall not apply to—

"(A) any property acquired by the distributing company after April 14, 1967, unless (i) gain to such company with respect to the receipt of such property was not recognized by reason of subsection (a) or (b), or (ii) such property was acquired by it in exchange for all of its stock in an exchange to which paragraph (2) or (3) applies, or (iii) such property was acquired by the distributing company in a transaction in which gain was not recognized under section 305(a) or section 332, or under section 354 with respect to a reorganization described in section 368(a) (1) (E) or (F), or

"(B) any property which was acquired by the distributing company in a distribution with respect to stock acquired by such company after April 14, 1967, unless such stock was acquired by such company (i) in a distribution (with respect to stock

held by it on April 14, 1967, or with respect to stock in respect of which all previous applications of this clause are satisfied) with respect to which gain to it was not recognized by reason of subsection (a) or (b), or (ii) in exchange for all of its stock in an exchange to which paragraph (2) or (3) applies, or (iii) in a transaction in which gain was not recognized under section 305(a) or section 332, or under section 354 with respect to a reorganization described in section 368(a) (1) (E) or (F), or

"(C) any property acquired by the distributing company after April 14, 1967, in a transaction in which gain was not recognized under section 332, unless such property was acquired from a company which, if it had been a holding company or multiple holding company, could have distributed such property under subsection (a) (1) (b) (1).

"(2) EXCHANGES INVOLVING PROHIBITED PROPERTY.—If—

"(A) any qualified holding company exchanges (i) property, which, under subsection (a) (1), such company could distribute directly to its shareholders or security holders without the recognition of gain to such shareholders or security holders, and other property (except property described in subsection (b) (1) (B) (i) or (ii)), for (ii) all of the stock of a second corporation created and availed of solely for the purpose of receiving such property;

"(B) immediately after the exchange, the qualified holding company distributes all of such stock in a manner prescribed in subsection (a) (2) (A); and

"(C) before such exchange (or January 1, 1970, if later), the Corporation has certified (with respect to the property exchanged which consists of property which, under subsection (a) (1), such company could distribute directly to its shareholders or security holders without the recognition of gain) that the exchange and distribution are necessary or appropriate to effectuate section 408 of the National Housing Act, then paragraph (1) shall not apply with respect to such distribution.

"(3) EXCHANGES INVOLVING INTERESTS IN SAVINGS AND LOAN PROPERTY.—If—

"(A) any qualified holding company exchanges (i) property which, under subsection (b) (1), such company could distribute directly to its shareholders or security holders without the recognition of gain to such shareholders or security holders and other property (except prohibited property) for (ii) all of the stock of a second corporation created and availed of solely for the purpose of receiving such property;

"(B) immediately after the exchange, the qualified holding company distributes all of such stock in a manner prescribed in subsection (b) (2) (A); and

"(C) before such exchange (or January 1, 1970, if later), the Corporation has certified (with respect to the property exchanged which consists of property which, under subsection (b) (1), such company could distribute directly to its shareholders or security holders without recognition of gain) that the exchange and distribution are necessary or appropriate to effectuate section 408 of such Act,

then paragraph (1) shall not apply with respect to such distribution.

"(d) DISTRIBUTIONS TO AVOID FEDERAL INCOME TAX.—

"(1) Prohibited Property.—Subsection (a) shall not apply to a distribution if, in connection with such distribution, the distributing corporation retains, or transfers after April 14, 1967, to any corporation, property (other than prohibited property) as part of a plan one of the principal purposes of which is the distribution of the earnings and profits of any corporation.

"(2) SAVINGS AND LOAN PROPERTY.—Subsection (b) shall not apply to a distribution

if, in connection with such distribution, the distributing corporation retains, or transfers after April 14, 1967, to any corporation, property (other than property described in subsection (b) (1) (B) (i) or (ii)) as part of a plan one of the principal purposes of which is the distribution of the earnings and profits of any corporation.

"(3) CERTAIN CONTRIBUTIONS TO CAPITAL.—In the case of a distribution a portion of which is attributable to a transfer which is a contribution to the capital of a corporation, made after April 14, 1967, and prior to the date of the enactment of this part, if subsection (a) or (b) would apply to such distribution but for the fact that, under paragraph (1) or (2) (as the case may be) of this subsection, such contribution to capital is part of a plan one of the principal purposes of which is to distribute the earnings and profits of any corporation, then, notwithstanding paragraph (1) or (2), subsection (a) or (b) (as the case may be) shall apply to that portion of such distribution not attributable to such contribution to capital, and shall not apply to that portion of such distribution attributable to such contribution to capital.

"(e) FINAL CERTIFICATION.—Subsection (a) or (b) shall not apply with respect to any distribution by a company unless the Corporation certifies that, before the expiration of the periods permitted under the relevant provisions of section 408 of the National Housing Act (including any extensions thereof granted to such company under such provisions), the company has (1) disposed of all the property the disposition of which is necessary or appropriate to effectuate such section, or (2) ceased to be a holding company or multiple holding company (as the case may be).

"(f) CERTAIN EXCHANGES OF SECURITIES.—In the case of an exchange described in subsection (a) (2) (A) (iv) or subsection (b) (2) (A) (iv), subsection (a) or (b) (as the case may be) shall apply only to the extent that the principal amount of the securities received does not exceed the principal amount of the securities exchanged.

"SEC. 1122. SPECIAL RULES.

"(a) BASIS OF PROPERTY ACQUIRED IN DISTRIBUTIONS.—If by reason of section 1121, gain is not recognized with respect to the receipt of any property, then, under regulations prescribed by the Secretary or his delegate—

"(1) if the property is received by a shareholder with respect to stock, without the surrender by such shareholder of stock, the basis of the property received and of the stock with respect to which it is distributed shall, in the distributee's hands, be determined by allocating between such property and such stock the adjusted basis of such stock; or

"(2) if the property is received by a shareholder in exchange for stock or by a security holder in exchange for securities, the basis of the property received shall, in the distributee's hands, be the same as the adjusted basis of the interest or securities exchanged, increased by—

"(A) the amount of the property received which was treated as a dividend, and

"(B) the amount of gain to the taxpayer recognized on the property received (not including any portion of such gain which was treated as a dividend).

"(b) ALLOCATION OF EARNINGS AND PROFITS.—

"(1) DISTRIBUTION OF STOCK IN A CONTROLLED CORPORATION.—In the case of a distribution by a qualified holding company under section 1121(a) (1) or (b) (1) of stock in a controlled corporation, proper allocation with respect to the earnings and profits of the distributing corporation and the controlled corporation shall be made under regulations prescribed by the Secretary or his delegate.

"(2) EXCHANGES DESCRIBED IN SECTION 1121(c) (2) OR (3).—In the case of any exchange described in section 1121(c) (2) or (3), proper allocation with respect to the earnings and profits of the corporation transferring the property and the corporation receiving such property shall be made under regulations prescribed by the Secretary or his delegate.

"(3) DEFINITION OF CONTROLLED CORPORATION.—For purposes of paragraph (1), the term "controlled corporation" means a corporation with respect to which at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes is owned by the distributing qualified holding company.

"(c) PERIODS OF LIMITATION.—The periods of limitation provided in section 6501 (relating to limitations on assessment and collection) shall not expire, with respect to any deficiency (including interest and additions to the tax) resulting solely from the receipt of property by shareholders or security holders in a distribution which is certified by the Corporation under subsection (a), (b), or (c) of section 1121, until five years after the distributing company notifies the Secretary or his delegate (in such manner and with such accompanying information as the Secretary or his delegate may by regulations prescribe) that the period (including extensions thereof) prescribed in the relevant provision of section 408 of the National Housing Act, or section 1121(e), whichever is applicable, has expired; and such assessment may be made notwithstanding any provision of law or rule of law which would otherwise prevent such assessment.

"(d) ITEMIZATION OF PROPERTY.—In any certification under this part, the Corporation shall make such specification and itemization of property as may be necessary to carry out the provisions of this part.

"SEC. 1123. DEFINITIONS.

"(a) HOLDING COMPANY.—For purposes of this part, the term "holding company" means any corporation which is a savings and loan holding company as defined in section 408 (a) (1) (D) of the National Housing Act.

"(b) MULTIPLE HOLDING COMPANY.—For purposes of this part, the term "multiple holding company" means any corporation which is a multiple savings and loan holding company as defined in section 408 (a) (1) (E) of the National Housing Act.

"(c) QUALIFIED HOLDING COMPANY.—

"(1) IN GENERAL.—Except as provided in paragraph (2), for purposes of this part the term "qualified holding company" means any corporation which is a holding company or multiple holding company (as the case may be) and which holds prohibited property acquired by it—

"(A) on or before April 14, 1967,

"(B) in a distribution in which gain to such company with respect to the receipt of such property was not recognized by reason of subsection (a) or (b) of section 1121, or

"(C) in exchange for all of its stock in an exchange described in section 1121 (c) (2) or (c) (3).

"(2) LIMITATIONS.—

"(A) A holding company or multiple holding company shall not be a qualified holding company, unless it would have been a holding company or multiple holding company, respectively, on April 14, 1967, if the Savings and Loan Holding Company Amendments of 1967 had been in effect on such date, or unless it is a holding company or multiple holding company, respectively, determined solely by reference to—

"(i) property acquired by it on or before April 14, 1967,

"(ii) property acquired by it in a distribution in which gain to such company with respect to the receipt of such property was

not recognized by reason of subsection (a) or (b) of section 1121, and

"(iii) property acquired by it in exchange for all of its stock in an exchange described in section 1121 (c) (2) or (3).

"(B) A holding company or multiple holding company shall not be a qualified holding company by reason of property described in subparagraph (B) of paragraph (1) or clause (ii) of subparagraph (A) of this paragraph, unless such property was acquired in a distribution with respect to stock, which stock was acquired by such holding company or multiple holding company, respectively.—

"(1) on or before April 14, 1967,

"(ii) in a distribution (with respect to stock held by it on April 14, 1967, or with respect to stock in respect of which all previous applications of this clause are satisfied) with respect to which gain to it was not recognized by reason of subsection (a) or (b) of section 1121, or

"(iii) in exchange for all of its stock in an exchange described in section 1121 (c) (2) or (3).

"(C) A company shall be treated as a qualified holding company only if the Corporation certifies that it satisfies the foregoing requirements of this subsection.

"(d) PROHIBITED PROPERTY.—For purposes of this part, the term "prohibited property" means in the case of any holding company or multiple holding company, property (other than nonexempt property) the disposition of which would be necessary or appropriate to effectuate section 408 of the National Housing Act if such company continued to be a holding company or multiple holding company (as the case may be) beyond the relevant period specified in such Act.

"(e) NONEXEMPT PROPERTY.—For purposes of this part, the term "nonexempt property" means—

"(1) obligations (including notes, drafts, bills of exchange, and bankers' acceptances) having a maturity at the time of issuance of not exceeding 24 months, exclusive of days of grace;

"(2) securities issued by or guaranteed as to principal or interest by a government or subdivision thereof or by any instrumentality of a government or subdivision; or

"(3) money, and the right to receive money not evidenced by a security or obligation (other than a security or obligation described in paragraph (1) or (2)).

"(f) CORPORATION.—For purposes of this part, the term "Corporation" means the Federal Savings and Loan Insurance Corporation."

(b) The table of parts for subchapter O of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Part X. Distributions Pursuant to Savings and Loan Holding Company Amendments of 1967."

(c) The amendments made by this section shall apply with respect to taxable years ending after the date of the enactment of this Act.

## HEARINGS ON ONE-BANK HOLDING COMPANIES TO OPEN TUESDAY

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

Mr. PATMAN. Mr. Speaker, tomorrow the Banking and Currency Committee will open hearings on legislation to control financial conglomerates—the so-called one-bank holding companies.

This is some of the most important legislation to come before the committee in recent years. The growth of these one-

bank holding companies threatens to concentrate the economic power of the Nation in the hands of a few large banks. These conglomerates, with a bank as the central driving force, are the greatest danger to our free enterprise system.

Through these one-bank holding companies, the large banks have been able to move into a variety of nonbanking enterprises ranging from insurance to manufacturing. This device is destroying the traditional safeguard of separation of banking from nonbanking.

Mr. Speaker, the grave dangers of banks moving into other businesses was outlined in a speech by J. L. Robertson, Vice Chairman of the Federal Reserve Board, at a meeting in St. Louis last week. Mr. Speaker, I hope that all Members who are concerned about this problem will take the time to read Governor Robertson's remarks. I place a copy of the text of that speech in the RECORD:

BACK TO BRANDEIS

(Address of J. L. Robertson, Vice Chairman of the Board of Governors of the Federal Reserve System, at a meeting of member banks of Metropolitan St. Louis and the boards of directors of the Federal Reserve Bank of St. Louis and its Little Rock, Louisville, and Memphis branches, St. Louis, Mo., April 10, 1969)

While to the best of my knowledge Chairman Martin has never undertaken to visit, much less speak in, my home town, Broken Bow, Nebraska, it is certainly my pleasure today to be once again in his, and it is a pleasure doubled by the opportunity to pay public tribute to him and to a distinguished career in the city where it began. My remarks, however, will concern another career which has St. Louis roots, namely, Mr. Justice Brandeis, who was admitted to the bar a few hundred yards from this very spot little less than a century ago.

As you know, Louis Brandeis was more than a judge and a lawyer. Both on and off the bench, he was preeminently a public philosopher to whom a legal brief, a judicial opinion, and an article for the popular press were equally available modes of safeguarding the public interest by an unflagging insistence on the highest standards of commercial and financial ethics. And it is from his most popular writing on this subject, the basic "Other People's Money and How the Bankers Use It" that I take my text for today.

It was a work which sent a shock wave through the America of the gaslight era, and in fact was one of the forces which led to the establishment of the Federal Reserve. In one sense, the book now is anachronistic and even antiquarian, for the specific abuses which moved Brandeis to write have long been corrected. In another sense, however, the overall philosophy captured in its title has a continuing, and even a timeless, validity. In fact, it has an extraordinarily apt relevance and application to two distinct but related public questions of today—on one hand, the bank holding company issue and on the other, the problem posed by the current wave of congeneric and conglomerate expansion.

If I may briefly shift my authorities and borrow a phrase from Brandeis' great colleague, Mr. Justice Holmes, these two questions are ones which could stand more emphasis on the obvious and less elaboration of the obscure. Certainly the root issues involved are neither complex nor difficult, but rather are simplicity itself and turn on the three simple points of *prudence, fairness, and experience.*

On the issue of prudence, I return to Justice Brandeis and an injunction which he

made a chapter title in his book. The injunction was "Serve One Master Only". It is as valid to the banking of 1969 as it was to the banking of 1913, and its validity consists in this—applications for bank credit are to be granted on their merits, not on the influence nor even the possibility of influence of some other considerations.

Its most topical application is on the question of whether the salutary constraints which the Bank Holding Company Act of 1956 lays on inter-organization dealings should be extended to one bank holding companies. On this point there is certainly room for debate, but I must confess my failure to comprehend the relevance of the argument that the great majority of such organizations have comported themselves with honor and integrity in such dealings. That point can be disposed of almost out of hand, for virtually every law on the statute books has resulted not from the conduct of the many but the misbehavior of the few. Hence, any invocation of a general pattern seems to me to miss the point completely.

Rather, what we are talking about here is the reasonable possibility of regrettable consequences which can come to pass when a conflict of interest is present. When this happens, when a banker tries to serve two masters, indeed, when he merely has two masters, there arise invidious implications which cut two ways. More obvious is the possible out-and-out favoritism that may be accorded to the applications of subsidiaries and affiliates or to the customers of either. More subtle, and I think really more corrosive, is the possible negative discrimination—the loans not made, or even the double standard of judgment which may be applied to the competitors of subsidiaries and affiliates. Again, to my mind it is absolutely no answer to either situation to assert that the recipients of such potentially favored treatment, whether positive or negative, are subject to examination *ex post facto* or that only a limited percentage of bank assets may be legally misapplied.

What we are dealing with here, as the very title of the Brandeis book reminds us, is a situation very close to the law of trusts. For both trusts and banking by definition involve other people's money and the analogy common to both comes down to this—a banker should not only resist temptation, but like a trustee, he should not even let himself be led into it. Or to put the matter another way, any evil inherent in allegiance to two masters is not to be punished after the fact, but the very possibility of its commission is to be forbidden at the outset. Hence, as the Board of Governors has repeatedly recommended, there is a powerful case for extending the salutary restraints of the Bank Holding Company Act against self-dealing to their logical conclusion—*i.e.*, to one bank holding companies.

Actually, there seems to be no serious dispute on this issue, and most of the public debate has proceeded on the nature and extent of the constraints rather than the necessity of constraints themselves. Yet this very general recognition is paralleled by a surprising lack of attention on a related front and this concerns my second, and even more basic, point. This is fairness.

To be sure, this issue of fairness has not gone completely undiscussed. To the extent I have been able to follow the matter, however, such public utterances as I have read seemed singularly irrelevant. So let me make a point as emphatically as I can. In addition to the obvious violation of prudence, any alliance of banking and nonbanking enterprise—other than that permitted under the most rare, rigorous, and regulated exceptions—offends the elementary principle of fairness in not one but two particulars. Both derive from a common root, the distinctiveness of banking. For banking is unusual in being a business of highly restricted entry,

and it is unique in its monopoly of demand deposits. From these distinctive aspects two inequitable advantages are afforded, actually or potentially, to a bank-allied business over its independent competitors. The first, as I have mentioned, is the risk of adverse odds, or even the double standard, which the latter may meet in seeking bank credit. The second is the possibility—thanks to the indispensable business need of checking account facilities—of actually having to furnish a competitive adversary with the financial sinews of war by using the deposit services of his banking affiliate.

This point has another application, it seems to me, in an area where, again, much argument has a high degree of irrelevance. This concerns what is—or should be—the business of banking, and this applies whether or not the bank involved is affiliated with a bank holding company operation. Now the proper business of a bank is not an issue to be resolved by analysis of nineteenth century court decisions which were written in a day of virtually unlimited market entry and of distinctions, as yet uncomprehended, between financial and nonfinancial operations. Rather, it is to be answered in a context in which banking has become a business of restricted entry, and one possessing a monopoly of an indispensable resource. The consequence is that the most elementary fairness demands that a bank stick to the business of banking, as the latter twentieth century understands it, with such facilities and powers as are necessary to provide banking services to the public efficiently and economically, and not foray from a protected sanctuary to compete (either directly or via an affiliate) with enterprises which operate in a free-entry environment and which must use banking services.

However, the issue of fairness does not stop here. Bound up in the current debate is the whole vexed question of permitting, via grandfather clauses, the continued existence of certain alliances of banking and nonbanking business. Certainly the invidious double standard and the ongoing special privilege of grandfather clauses seem self-evident. In the holding company context, the special unfairness of a grandfather clause seems particularly manifest, for here we have witnessed the scramble—I am almost tempted to say copycat stampede—to achieve special status, under the foreknowledge of almost certain Congressional action on one hand, and on the other, the resulting consequence of the arbitrary and completely fortuitous character of any exemptions accorded.

To me, the "fairness" doctrine is perhaps the most basic in law. Its strength is its simplicity, as the child's complaint—"That's not fair!"—tellingly reminds us.

There are some other issues in the holding company arena which are neither simple nor self-evident and which must be mentioned. I have previously addressed myself to them. One is the ominous parallels, obvious to anyone who cares to look, between the corporate pyramiding of the twenties and that of the present time. In mentioning any parallel between the sixties and the twenties, neither I nor any of my colleagues on the Board are to be understood as asserting that the current situation is either a mirror image of what is gone before or that the past will play out its pattern once more, complete as to every minor detail. Yet the past is not without its merit as a guide to the future, and as the St. Louis *Post-Dispatch*\* has noted, we have had a long history—"predominantly unsatisfactory" of holding company pyramiding of regulated and unregulated enterprise.

We have also had a history, not so long per-

\*Corporate Life among the Pyramids, February 5, 1969.

haps but certainly unsatisfactory—of the effects of a fragmented jurisdiction and perverse cross-purposing of authority among the federal bank supervisory agencies. I would make only one point here—this unsatisfactory experience did not arise because the several agencies were staffed with inept or evil men. Rather it arose because the very structure of supervision was faulty, and the wonder is that we did not have more trouble. To try to put that structure to rights is a Herculean task, I can testify, and it is a task we cannot accomplish overnight. But what we certainly can do now is to avoid any step, in solving the holding company problem, which would deliberately extend the supervisory muddle to new fields, and particularly to do so at that critical juncture of banking and nonbanking activities where the possibility of divided decisions, competition in laxity, and inequitable distinctions seem so manifestly probable.

Having spoken at length on both points previously, it is unnecessary to do so here. I might, however, close by noting their similarity with a return to the wisdom of Mr. Justice Brandeis and his injunction that experience is the best teacher. This is my final point and it applies to both corporate pyramiding and bank supervision. Both are products of history, and we should learn something from that history. For while I am not saying that the past will repeat in every detail, I do ask you to remember that in those fields as elsewhere, the price of ignoring the lesson of history is to be fated, in some way or other, to repeat it.

Mr. Speaker, I also place in the RECORD a news release which I issued last week announcing the list of witnesses for the first week of hearings on the holding company legislation. Other witnesses will be announced later:

WASHINGTON, D.C., April 8.—Chairman Wright Patman of the House Banking and Currency Committee today released the list of witnesses for the first week of hearings on H.R. 6778, a bill to regulate financial conglomerates.

The hearings will open at 10 a.m., April 15, Room 2128, Rayburn House Office Building, before the full Banking and Currency Committee.

The witness list for the first week:  
Tuesday, April 15: Professor A. A. Berle, Columbia University; Professor Louis B. Schwartz, University of Pennsylvania Law School.

Wednesday, April 16: Mr. Milton Shapp, Businessman, Philadelphia, Pennsylvania; T. H. Milner, Jr., President and Trust Officer, First National Bank of Athens, Athens, Georgia; Mr. Othmar G. Grueninger, Grueninger Travel Service, Indianapolis, Indiana.

Thursday, April 17: Secretary of the Treasury David M. Kennedy; Undersecretary of the Treasury Charles Walker; Richard W. McLaren, Assistant Attorney General for Antitrust.

Friday, April 18: Chairman William McChesney Martin and Vice Chairman J. L. Robertson, representing the Federal Reserve Board.

#### BANKER SPEAKS OUT AGAINST HIGH INTEREST RATES

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

Mr. PATMAN. Mr. Speaker, there are many conscientious bankers throughout this Nation who do not agree with the high interest policies which are forced upon them by the Federal Reserve and the large banks in the money centers.

Mr. Speaker, many small- and medium-sized banks are conscientiously attempting to serve their customers and they do not share either the profits or the greed of the larger members of the banking fraternity. It is often difficult for the officers of these smaller banks to speak out since their industry is so dominated by the financial giants.

Mr. Speaker, this week I received a letter from the president of a bank in Pennsylvania denouncing the high interest rates and the questionable practices of the big banks.

This conscientious bank officer wrote me:

We have always felt that a national bank should try to meet all the credit needs of its community regardless of the size of either the community or bank. For me, this means serving not only the businessman, professional man and prosperous farmer, but also all wage earners and even those who might be unemployed temporarily and receiving public assistance. I feel that I can say that no one need leave this community looking for a small, personal loan and have to resort to a company charging 36% annual interest.

Mr. Speaker, if the practices of this Pennsylvania banker were emulated by the large banks we would not today be faced with this critical economic situation. I commend this banker for speaking out and, Mr. Speaker, I place a copy of his letter in the RECORD, but for his protection I have deleted his name and the name of his bank:

HON. WRIGHT PATMAN,  
House of Representatives,  
Washington, D.C.

DEAR REPRESENTATIVE PATMAN: I want you to know that you have a few friends in the banking fraternity who support you in your fight against the ridiculously high rates of interest on borrowed money.

We are a small, country bank which has survived the various panics and the great depression, to celebrate our 100th Anniversary this year. Although, we mark this anniversary in sound financial condition, I face the future with many misgivings for we are in direct competition with banks who are ten, one hundred, even five hundred times our size.

Some of them apparently care little what happens to interest rates, for they use a number of "gimmicks" like points on mortgage loans, compensating balances on commercial loans, and special incentives to car dealers to augment interest rates which are already too high in my estimation.

We have always felt that a national bank should try to meet all the credit needs of its community regardless of the size of either the community or bank. For me, this means serving not only the business man, professional man and prosperous farmer, but also all wage earners and even those who might be unemployed temporarily and receiving public assistance. I feel that I can say that no one need leave this community looking for a small, personal loan and have to resort to a company charging 36% annual interest.

We want to continue operating as we have in the past although, I don't know how much longer we can continue if something isn't done to bring interest rates back to reasonable levels. "Truth in Lending" may help some, but I have talked to a number of fellow bankers who have the cavalier attitude, "If you don't like our rates there are plenty of others who want a new car or home so badly they will pay without question".

We wish you well in your continued efforts

to bring the cost of borrowed money back to a reasonable level.

Sincerely,

#### STATION KVII-TV DENOUNCES HIGH INTEREST RATES

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

Mr. PATMAN. Mr. Speaker, in recent weeks, much of the news media has begun to speak out against high interest rates and the policies of the Federal Reserve Board.

Mr. Speaker, one of the clearest and most forthright statements on this issue was broadcast in an editorial by Tom Martin over KVII-TV, channel 7, in Amarillo, Tex., on March 21.

Mr. Speaker, I place a copy of this excellent editorial in the RECORD:

The message that Representative Wright Patman of Texas had for a meeting of the Independent Bankers Association in Las Vegas this week must have gone down like castor oil.

As Patman put it, unless President Nixon forces a roll back of the new seven and one-half percent prime interest rate now being charged by the country's banks, the U.S.A. is in for a "monumental economic squeeze." And since Patman is the chairman of the House Banking Committee, his words have a particularly authoritative ring to them.

The seven and one-half percent rate that went into effect on Monday is, of course, the lowest interest rate it's possible for the biggest corporations with the best credit to get.

From that level—the big corporate level, in short—the situation deteriorates rapidly, until you get down to the level of consumer finance, where the interest rates mount sharply. To put it in another perspective, many have now concluded it's too costly to get sick because of hospital charges, and many have already concluded it's too costly to die because of the high cost of funerals. Now it may fairly be said it's too costly to borrow money, buy a TV set, build a home, get a college tuition loan, or to borrow money for any reason, in short.

William McChesney Martin, the crusty Chairman of the Federal Reserve System where the money rates are determined, sees the economy as one big set of charts and graphs which can be manipulated to cause any set of economic conditions we want. If money gets too plentiful—just like the interest rates a pinch and things will right themselves. If unemployment gets a little high, just drop the interest rates so industry can borrow more, expand more, and create new jobs for the unemployed.

Patman, on the other hand, sees the whole picture differently. When the cost of money gets unconscionably high, it's not the big corporations who suffer—they're only inconvenienced. It's the little guy who takes it on the chin every time he tries to buy anything from a TV set to a house to put it in. And this, in Patman's words, "is little more than robbery."

Just about two weeks ago, in one of their now famous committee hearing exchanges, Patman pointed a finger at Board Chairman Martin and told him he may go down in history as the most expensive Federal official on record.

Maybe soon you'll be out shopping for a new car or a house or a household appliance that you'll be buying on credit, or maybe soon you'll be talking to your friendly neighborhood banker about a small loan for some worthwhile purpose. In that case, you'll

maybe soon find out just how accurate Wright Patman's description of the Fed and its Chairman is.

#### TIME TO CLOSE \$3 BILLION BIG BUSINESS TAX LOOPHOLE

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

Mr. PATMAN. Mr. Speaker, the unnecessary inflationary condition of the economy, largely created by the Federal Reserve Board as it swings between recessions on its pendulum of panic, has once more imposed a cyclical credit crush on the people of our Nation—particularly the people of low and moderate income.

President Nixon's administration, which appears to have trained under Federal Reserve coaching, has responded by raising FHA and VA home mortgage interest rates to an alltime high of 7½ percent, thereby saving our low- and moderate-income citizens the trouble of seeking homeownership because they cannot afford it any more.

The Federal Reserve System, always ready to compete—even with its own pupils—when it comes to clubbing the economy, has raised the prime interest rate to 7½ and the discount rate to 6 percent, showing us again that it refuses to be outdone when it comes to setting sorry records.

Mr. Nixon himself, after indicating support for continuation of the surtax, seemingly has been caught up in the spirit of the situation and has called for a drastic reduction in the Job Corps program. As a result, many of the hard-core unemployed will be relieved of holding even slender hope of earning the right to share the Nation's wealth.

At the same time, Mr. Nixon, through his lieutenants, has indicated reluctance to close one of the largest loopholes in the Nation's tax structure—one through which big business and industry have skipped while planning an enormous, inflationary, 14-percent investment spending increase for this year.

Mr. Speaker, I have issued a news release which essentially states that the high interest, tight money conditions that now mark our inflationary economy, be shared more equitably by the people who can best afford to. Accordingly, I insert the release in the RECORD:

#### PATMAN CALLS FOR REPEAL OF INVESTMENT CREDIT

WASHINGTON, D.C., April 8.—The Chairman of the Congressional Joint Economic Committee declared today that realistic efforts to check damaging inflation "absolutely require elimination of a \$3 billion a year tax windfall to big business and industry."

Representative Wright Patman (D., Texas) said, "It doesn't make any sense to continue the 7 percent investment tax credit windfall and at the same time try to fight inflation by creating a credit crunch for consumers, home buyers, and State and municipal governments struggling to finance urgently-needed public facilities."

Patman, who is also Chairman of the House Banking and Currency Committee, said that the small businessman and industrialist can't take advantage of the 7 percent investment tax credit because they can't afford to borrow at today's record high interest rates.

On the other hand, he said, "large companies raise investment funds through their prices—in effect getting interest-free money on which the Treasury pays \$7 for every \$100 invested in plant expansion or improvement."

As an example, a large industry planning to invest \$25 million in plant will receive a \$1,750,000 gift from the Treasury which means the ordinary taxpayers have to pay more.

Patman said the investment tax credit was voted by Congress to stimulate the economy, reduce unemployment, and avoid a recession.

"A recent Commerce Department survey," Patman said, "discloses that business and industry plan to increase spending this year by 14 percent."

"This amounts to a fantastic 350 percent increase over last year's rise in spending and a 700 percent increase over the rise in investment spending the year before," Patman continued.

"Under these conditions," the Joint Economic Committee Chairman said, "the investment tax credit constitutes a strong push toward worsening inflation, even higher interest rates, and, ultimately, a recession."

"The Federal Reserve's policy of excessive borrowing costs and restricted credit have already put the nation's housing objectives in jeopardy," Patman asserted.

"By the same token," he added, "it is becoming all but impossible for States and municipal governments to finance all of the \$500 billion in public facilities that the Joint Economic Committee has determined they must build in the ten-year period ending in 1975."

#### PERMISSION FOR COMMITTEE ON BANKING AND CURRENCY TO SIT DURING GENERAL DEBATE THIS WEEK

Mr. PATMAN. Mr. Speaker, I ask unanimous consent for the Committee on Banking and Currency to sit during the sessions this week provided we do not sit while the House is considering a bill under the 5-minute rule. The Committee on Banking and Currency has been delayed a couple of weeks in starting hearings on a very important bill, the one-bank holding companies. We shall start hearings tomorrow and we will have hearings on each day this week.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GERALD R. FORD. Mr. Speaker, reserving the right to object, I have talked to the ranking minority member on our side, the gentleman from New Jersey (Mr. WIDNALL). He is in agreement with the request of the chairman of the committee. As long as the request is limited to the committee sitting during general debate, we on our side have no objection.

Mr. PATMAN. Mr. Speaker, that is the way we will proceed.

Mr. GERALD R. FORD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### TERMINATION OF SMOTHERS BROTHERS TELEVISION PROGRAM IS DISSERVICE TO VIEWING PUBLIC

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

Mr. KOCH. Mr. Speaker, I am sure that my colleagues in this House are familiar with the fact that CBS network has terminated the showing of the Smothers Brothers television program. Those who have watched that program would, I trust, agree with me that CBS has done a disservice to the viewing public in taking such action.

There is little enough worthy of watching on the "boob tube." To censor and remove one of the few sparkling shows because of the wit and the use of satire makes TV even more depressing.

I have sent a letter to Dr. Frank Stanton which I am setting forth in its entirety with the hope that others of my colleagues will register similar complaints with the Columbia Broadcasting System:

APRIL 8, 1969.

DR. FRANK STANTON,  
President, Columbia Broadcasting System  
New York, N.Y.

DEAR DR. STANTON: I was very distressed to learn that the CBS network has cancelled the Smothers Brothers Comedy Hour.

It seems that our network censors have little respect for the intelligence of the 33 million Americans who regularly enjoy these talented and irreverent entertainers. Surely, any adult audience should be allowed to decide for itself whether comedy material is in good taste or not.

In applying standards of good taste, I fall to see why CBS singles out the Smothers Brothers program from other network fare which so often is nothing more than juvenile nonsense and banality passed off as adult entertainment.

The medium of television is an important public asset that should be free to experiment, to be provocative—it should never, never be entrusted to a censorship mentality. How deplorable that a few cautious and humorless men can decide what political or religious satire can be televised on air waves that belong to the American people in the first place.

I hope the decision of the CBS network will be reviewed and reconsidered.

Sincerely,

EDWARD I. KOCH.

#### PRESIDENTIAL COMMISSION ON MARIHUANA

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

Mr. KOCH. Mr. Speaker, I am introducing a bill today that would establish a Presidential Commission on Marihuana. I think it is high time that our Government take a new look at marihuana use and educate itself and the American people. We need a respected blue-ribbon panel to examine the medical, social, and legal questions involved—an authoritative study that sweeps away old myths and shibboleths and establishes in their place intelligent up-to-date conclusions and recommendations.

It has been said that a society that fears its own children is a sick society. There is no doubt that marihuana use is a major issue that divides young and old in this country. If we are to condemn and punish our young people, we ought to be sure we have facts—not propaganda.

I am shocked by the legislative history that prompted the enactment of the first marihuana laws passed by Congress in 1937. The severe criminal penalties imposed on possession of marihuana were

based on emotion and hearsay. Even more regrettable—30 years later—the testimony of Dr. James Goddard, then Food and Drug Administrator, was summarily dismissed by many persons unwilling to reexamine the question in light of new scientific evidence. This intemperate climate should no longer be permitted to exist.

I have been greatly impressed by the conclusions set forth in the report of the Advisory Committee on Drug Dependence as submitted to the British Home Secretary on November 1, 1968.

The committee found that an increasing number of people in all classes of British society were using marihuana regularly for social pleasure.

The most striking conclusion of the British report is:

There is no evidence that such activity is causing violent crime or aggressive antisocial behavior, or is producing in otherwise normal people conditions of dependence or psychosis, requiring medical treatment.

And the report goes on to point out that the cannabis substance used in the United Kingdom is more potent than the leaf products—marihuana—of the cannabis plant which is widely used in the United States.

We now should have a similar study in this country. I am aware of the marihuana research efforts being made by the National Institute of Mental Health. Such efforts should be encouraged—more funds should be appropriated and coordination improved. But a Presidential commission is also needed. Its eventual conclusions and recommendations should be the basis for intelligent public discussion and legislative action of all levels—local, State, and Federal.

It would be presumptuous of me to predict what the recommendations of the Commission would be—but there is no doubt in my mind that the present criminal penalties under Federal and State law for the mere possession of marihuana are excessive and self-defeating. I am not talking about pushers who are in the business of selling marihuana.

It is an outrage and a tragedy that young men or young women should be imprisoned for the possession of marihuana. It is apparent that such penalties have not been an effective deterrent because our young people have not been persuaded they do themselves or others any harm. The dimensions of this problem are reflected by the fact that it is conservatively estimated that at least 35 percent of our college students have used marihuana and the numbers are increasing every day.

How can anyone seriously believe that imprisonment is the way to deal with this situation? The appalling conditions and practices in many of our penal institutions can do infinitely more damage to a young person than his use of marihuana. Furthermore, a criminal record can haunt that young person for the rest of his life. He may be barred from certain professions and denied employment to which he is entitled and for which he is qualified.

Regardless of whether marihuana is conclusively shown to be deleterious, we must find new remedies—criminal penal-

ties only exacerbate the problem and reflect attitudes concerning marihuana use.

My bill does not suggest in any way that marihuana be legalized, nor does it prescribe the nature of penalties for its use; those questions should properly be left to the Commission to decide.

My bill does propose that the Commission shall conduct a study of marihuana including, but not limited to, the following areas:

First, the extent of use of marihuana in the United States to include number of users, number of arrests, number of convictions, amount of marihuana seized, type of user, nature of use;

Second, an evaluation of the efficacy of existing marihuana laws;

Third, a study of the pharmacology of marihuana and its immediate and long term effects both physiological and psychological;

Fourth, the relationship of marihuana use to aggressive behavior and crime; and

Fifth, the relationship between marihuana and the use of other drugs.

It is time we started asking the right questions about marihuana use instead of clinging to the wrong answers. I hope a Commission study will educate all of us and thus provide the basis for finding the right answers.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Iowa.

Mr. GROSS. Does the gentleman have any idea what such a Presidential commission would cost the taxpayers of this country?

Mr. KOCH. I appreciate the gentleman's concern about money. I am more concerned about the effects of marihuana use on the young people in this country.

We spend a lot of money in this Congress, but there is one thing we ought to be concerned about—that is, the people who are now taking marihuana and what the consequences are.

I believe it is imperative that this country be informed as to whether or not there are detrimental physical or psychological consequences which result from the use of marihuana.

It is estimated that 35 percent of our college students use marihuana. That is a very conservative estimate. They use it because they think there is nothing wrong with its use and that it is no more harmful than alcohol. I do not know whether that is true, but we ought to have a Presidential study to make a definitive statement.

Mr. GROSS. The British have already studied it backward and forward. Why not look over what they have found as to the use of marihuana? Perhaps we can get something back for the billions we have spent on the British through the years.

Mr. KOCH. I agree with the gentleman that we ought to study the British report, but I believe it is necessary to have a Presidential Commission to study marihuana use in this country and evaluate the effects—social, legal, and medical—on the young people in this coun-

try. It is just not right that we are sending our young men and women to prison today and ruining their careers because of their use of marihuana. Surely it has been demonstrated that imprisonment is not the answer and that is one more reason why we desperately need a Presidential Commission to shed some light on the whole subject.

#### INTRODUCTION OF THE TOBACCO MARKET ADJUSTMENT ACT OF 1969

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

Mr. CORMAN. Mr. Speaker, with the growing awareness of the danger of cigarette smoking as a health hazard, I introduced several bills earlier this year that would strengthen labeling provisions on cigarette packaging and would prohibit the advertising of cigarettes, in certain instances, on television and radio. Today, I have introduced another bill, the Tobacco Market Adjustment Act, which would phase out Federal price supports for tobacco production over a 4-year period, beginning in 1970, and would prohibit the use of Federal funds to advertise or promote the product here or abroad.

It has been 4 years since the Surgeon General's alarming statement that cigarette smoking as a health hazard is of sufficient importance to warrant remedial action. This warning precipitated the Federal Cigarette Labeling and Advertising Act of 1965, a notably weak answer to the facts that were known then. Since 1965, studies have provided a mass of additional statistics to prove that cigarette smoking is beyond reasonable doubt one of the main causes of death from lung cancer, heart disease, and other smoking-related diseases.

Smoking is, of course, a matter of individual choice. But, I am convinced that the Congress has a clear obligation to inform the American people of the serious health consequences that the habit may bring in its wake. The bills I introduced earlier this year, which are now before the House Interstate and Foreign Commerce Committee, support such action. One proposal, in particular, limits advertisement of cigarettes on television and radio during the hours when impressionable youngsters of elementary and secondary grades would be most likely to watch or listen to the media. Studies have revealed that as many as half the boys and girls in this country become cigarette smokers by the time they are 18 years old—a fact that certainly suggests the effectiveness of advertising.

The Washington Post Co. last week took noteworthy action in this respect when it announced that it was voluntarily banning all cigarette advertising commercials on WTOP-TV and WTOP-AM and FM radio stations after June 1, 1969. I commend the Washington Post Co. for taking such a costly step in the interest of public service and the Nation's health.

It would seem that our Government could do no less. So far, not only have

we done little in this area, but Federal programs are often in conflict with one another. In fact, far too often one agency does not know what the other is doing.

On the one hand, we enacted legislation to provide a response to the health hazards posed by cigarette smoking and today we have a House committee beginning action to strengthen this legislation. On the other hand, the Department of Agriculture is spending millions of dollars annually to subsidize the production and sale of tobacco products here and abroad.

I am not unmindful of the effect of tobacco production and sales on our economy and on our balance of payments in exports. I am certain that no amount of enacted legislation or education about the cigarette-smoking health hazard will completely stop the sale of the product. Most likely, some people will always smoke, and the grower and manufacturer will doubtlessly be in business for a long time to come. But, I do strongly oppose Federal subsidies for the product. The absurdity of one agency using Federal funds to subsidize the very product that another Federal agency is discouraging is so apparent as to warrant no further comment.

What is particularly disturbing is that Federal funds are also being used to help pay for the advertising of cigarettes in foreign countries. Under Public Law 480, where counterpart funds are used, the Secretary of Agriculture recently announced that he approved a 1-year extension of a \$210,000 Government subsidy to help pay for cigarette advertising in Japan, Thailand, and Austria. How can we in good conscience use public funds to promote overseas markets for tobacco products when we spend millions of Federal dollars in our own country in an attempt to educate the American people on the need to stop smoking, and when we have asked the communications media to voluntarily divest themselves of vast sums of advertising income?

Mr. Speaker, I am all in favor of keeping our overseas markets healthy and sharing our expertise with other countries, but not at the expense of the health of innocent people.

Tobacco subsidies are certainly a "non-essential item" in terms of the Federal budget and in terms of the Nation's health.

The bill I have introduced today should be enacted, both in the interest of health and in the interest of the overburdened taxpayer.

#### SPIRITUAL SUPPORT FOR SERVICEMEN

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

Mr. PRICE of Illinois. Mr. Speaker, it is a pleasure to have the opportunity to share with my colleagues the story of Chapel Foundation, Inc., a St. Louis-based religious organization imbued with true ecumenical spirit. A nonprofit organization, Chapel Foundation is designed to serve the spiritual needs of many by distributing through the mail religious

booklets and pamphlets. I am advised that the foundation has distributed over 1 million pieces of literature through the mail in the past few years. It also sponsors a sheltered workshop for the disabled and handicapped veterans.

These uplifting efforts are designed especially for our servicemen and veterans who are hospital patients. Inspired by the Reverend Vincent D. Sievers, an Air Force chaplain retired for disability, Chapel Foundation exists and works for the spiritual benefit of those most in need. Businessmen in Missouri and Illinois support these efforts to let servicemen overseas know that people at home are behind them in every way.

Its value has been clearly recognized by a number of individuals, many of whom have given of their time and services to the foundation's cause. Indeed, Chapel Foundation's voluntary spirit of good will has been contagious. From a small group of dedicated individuals, it has grown to such an extent that it has three locations in the St. Louis area. L. J. Anderson, St. Louis civic leader, serves as president and Father Sievers is spiritual director.

Chapel Foundation is growing in other ways, too. A scholarship fund has been established through the generosity of several donors to help send children of deceased and disabled veterans to college, especially those interested in teaching.

Another example of Chapel Foundation's fine work is the spiritual pamphlet Father Sievers has compiled. Entitled "Prayers for Servicemen," the booklet contains prayers and spiritual messages for all occasions. After reading the offerings, I am certain it must be a source of comfort to all those possessing a copy, and through the generosity of the Knights of Columbus, the foundation has been able to have printed 40,000 copies of the booklet for free distribution to servicemen overseas. Father Sievers visited Vietnam to learn the needs of chaplains and servicemen.

I would like to include at this point in the RECORD one of the prayers contained in the booklet:

#### A SERVICEMAN'S PRAYER

Give me clean hands, clean words, clean thoughts.  
Help me to stand for the hard right against the easy wrong.  
Save me from the habits that harm.  
Teach me to work as hard and play as fair in Your sight alone as if all the world saw.  
Forgive me when I am unkind and help me to forgive those who are unkind to me.  
Keep me ready to help others at some cost to myself.  
Send me chances to do a little good every day,  
And so grow more like Christ, my Divine Commander in Chief.

The headquarters of this organization is Chapel Foundation, 2927 South Brentwood Boulevard, St. Louis, Mo. 63144.

#### UNITED MINE WORKERS WELFARE AND RETIREMENT FUND

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

Mr. HECHLER of West Virginia. Mr. Speaker, the Charleston, W. Va., Gazette, in its issues of April 7 to 12, 1969, contained a series of articles by Michael Adams, entitled "16 Tons and What Do You Get?" concerning the United Mine Workers welfare and retirement fund. I believe that these articles should convince Members of the need for a full-scale investigation of this fund and the manner of its operation. The articles follow:

#### MINER FUND IS GHOST STORY FOR SOME (By Michael Adams)

Thousands of ex-coal miners in West Virginia and other states methodically have been denied the pension, medical and other benefits they feel were explicitly promised them 23 years ago by John L. Lewis and his powerful United Mine Workers of America.

The benefits were to be paid by the UMWA's Welfare and Retirement Fund established in 1946 and financed by royalties paid by coal operators on every ton of bituminous coal mined by union labor.

During the first few years of fund operation, a wide array of benefits were paid, and residents of the soft coal fields believed that their future medical, maintenance and pension needs were absolutely safeguarded.

Beginning in 1953, however, trustees of the fund began making cutbacks and changes in the programs that had been established for the miners, frequently with little or no explanation.

This widescale destruction of the security of these ex-miners and their families, together with the buildup in recent years of a sizable unexpended balance in the fund's coffers, has served to engender suspicion and bitterness throughout the coal fields.

In instance after instance, men who once would have supported the union to their last ounce of strength now express only a fierce distaste toward the officials who led them, or lead the UMWA today.

The disenchantment and bitterness felt by the ex-miners or their widows has not escaped the attention of members of Congress. Rep. Ken Hechler, D-W. Va., is calling for a "full-scale congressional investigation of the United Mine Workers Welfare and Retirement Fund."

"Such an investigation," said Hechler, "is necessary to insure that all retired and disabled coal miners and their widows and families, as well as miners now working, are receiving now and will in the future receive the fullest benefits to which they are entitled."

Hechler charged that many inequities had apparently developed in the way the fund was being used.

"I think it is necessary to clear up a lot of questions which have been raised about this gigantic Fund," he said, "and whether or not its rules are applied fairly to all coal miners."

Informed sources on Capitol Hill say that the labor subcommittees of both the House and Senate likely will make such an investigation in the near future, not only into the mine workers fund, but into others as well.

In the meantime, no matter what the ultimate truth may be, many of the ex-miners and their families in the nation's coal fields who feel they have been arbitrarily denied their "benefits" have already made up their minds as to what has transpired through the years.

In a nutshell, they firmly believe that union and fund officials have deliberately cut off their benefits so as to rid themselves of any responsibility for an untold number of sick, disabled or aged miners no longer of service to the UMWA in this day of highly mechanized mines and vastly diminished labor force.

Spokesmen for both the union and the fund vehemently deny this, but in the coal

fields the facts to disprove it are hard to come by.

Hechler agrees. He says:

"It is difficult to obtain clear and complete information about the inner workings of this fund, how its money is spent, how its rules are made, and how the rights of the coal miners themselves are being protected."

It is only evident that under current federal law, the trustees of the fund can do pretty much as they please. In the words of a fund annual report:

"No vested interest in the fund extends to any beneficiary.

"Resolutions adopted by the trustees governing fund benefits . . . specifically provide that all these benefits are subject to termination, revision, or amendment, by the trustees in their discretion at any time."

And information is scarce.

For example the fund's trustee-director, Miss Josephine Roche, adamantly refuses to discuss the operation of her organization with the press.

And those ex-miners denied pensions, among other things, say they frequently cannot find out what information was used by the Fund's directors to arrive at the decision to deny.

As a result, an atmosphere of secrecy and apparent disregard for the spurned ex-miners and widows has permeated the poverty-ridden coal regions, and those denied benefits have drawn their own conclusions.

To them, reality is composed of incidents like these:

They see hundreds, and possibly thousands of sick or physically disabled men unable to qualify for the pensions because of a rules change in 1953 which said, in effect, that vast numbers of them could not count their early years of work in the mines toward the 20 years necessary for obtaining a pension.

In 1954, they saw 30,000 disabled miners and their dependents who had been receiving small cash benefits from the fund cut off without a cent, even though nearly three-fourths of them had no other source of income, and about 70 per cent of the affected miners were totally disabled for life.

They saw, also in 1954, 24,000 widows and children of dead miners also get cut off from any further maintenance aid cash benefits. The previous year, nearly 90 per cent of these recipients were identified as aged widows.

In 1960, thousands of UMWA members and their families were told they could no longer receive fund medical benefits because they were no longer working, were not on pension, and had not been employed in the mines during the previous year. This included sick and disabled miners, widows and children.

In 1965, the "have-nots" witnessed yet another rules change, this one perhaps the most frustrating of all. The trustees announced that the younger miners—and those older ones still lucky enough to be employed—would not have to meet the rigid pension requirements established in 1953. They were told they could stop working at a much earlier age and, in the long run, receive better benefits than ever before.

By 1965, then, opinion had solidified on the part of the denied ex-miners and widows.

They had decided true or not, that the UMWA and the trustees of the fund had formed an unholy alliance to dispose of thousands of faithful union men and their families by letting them perish on the bitter slag heaps of old age, sickness and poverty.

And the bitterness grew deeper. New facts, as well as rumors, kept finding their way into the coal fields.

It was said that each year the fund had millions of extra dollars left over that could have been used to offset the harsh poverty felt by those denied benefits.

And it is a fact that since 1951, the fund never has had less than a \$92 million unexpended balance at the end of a fiscal year,

even though in at least four different years it did spend more money than it received. At the end of the last fiscal year \$180 million was in reserve.

In the coal fields, it is rumored that much of this "left over" money is being given to the union to do with as it pleases.

In truth, the fund—under federal law—is required to be completely separate from union control, except that one of the three fund trustees represents the union's interest.

These trustees do, however, keep the vast majority of the fund's money in the National Bank of Washington, which is 75 per cent-owned by the UMWA. And a large portion of this money collects no interest.

To add to the ex-miner's confusion is the fact that this bank, since being acquired by the UMWA, invested huge sums of money in the West Kentucky Coal Co., although this relationship—according to union officials—no longer exists today.

To the average miner, the coal operator is the "enemy" to be fought by the union.

Just as surprising to some observers is the fact that a federal jury in Kentucky decided recently that the UMWA—since 1950—has been conspiring with powerful Consolidated Coal Co. to create a monopoly of the soft coal industry in direct violation of the Sherman Antitrust Act.

Consolidated Coal is particularly well-known to West Virginia miners because it owns the ill-fated Mannington No. 9 mine that exploded last fall, killing 78 men.

The court case is on appeal to a higher court, and could be overturned, as happened in a similar case several years ago.

Even if the lower court's decision is upheld, it would not be the first time in the bitter history of the UMWA that it has been found violating a federal law.

But it could surprise these miners if it is upheld that their union conspired with the "enemy" to drive smaller coal operators out of business, thus creating even fewer jobs for men who know how to do little else but mine coal.

To many of them who have watched as the range of welfare and retirement benefits have been decreased since the early 1950's a suspicion has formed that perhaps they also have been conspired against, somewhere within the complex operations of the UMWA, the larger coal companies, the National Bank of Washington, and the fund itself.

These ex-miners and widows do not believe they are being unreasonable.

They know better than most that their industry has gone through some bitter financial years since the end of World War II. But they also know that by the end of fiscal 1968, royalty payments had reached an all-time high of more than \$163 million.

On Nov. 28, 1955, John L. Lewis testified before the Senate Labor Subcommittee. He said:

"The greatest testimonial to the worth of the fund is the gratitude, in the hearts of its beneficiaries, who for 150 years were neglected and left alone to stand the vicissitudes, if they could, of the most brutal and savage industry in our economy, or in the economy of any other country."

To those thousands in the coal fields who feel they have been deliberately cut out of their benefits, gratitude is hard to come by. They feel only that they are the latest victims of this "most brutal and savage industry."

#### FUND'S SWEETNESS BECOMES BITTERNESS

(By Michael Adams)

Bitterness, suspicion and distaste now characterize the attitudes of thousands of ex-coal miners and their families toward the United Mine Workers of America and its multi-million-dollar Welfare and Retirement Fund.

The former coal miners believe that union and fund officials arbitrarily cut off their pen-

sion, medical and other benefits because they no longer are useful to the UMWA in this day of highly mechanized mines and diminished labor force.

That one of the three trustees of the fund is John L. Lewis makes the depth of this bitterness remarkable.

There are many of the same men who, in the mid-1940's, worshipped no man so ardently and fanatically as they did Lewis. Such adoration is understandable.

During World War II and the years that immediately followed, in the words of a Washington Evening Star editorial, "... the United Mine Workers spoke with a voice of thunder. And when they spoke the nation listened—attentively."

It universally was acknowledged that Lewis exercised an overwhelming influence upon the American economy.

The bituminous coal industry was in a perpetual state of chaos. Much of the nation lived in constant fear that the mine workers would "shut down the mines" yet another time.

Three times during the war, the federal government had to seize the mines as a result of UMWA strikes.

And the coal miners loved Lewis, almost to a man.

A 1954 study by the Industrial Relations Center of the University of Chicago published in the Quarterly Journal of Economics concludes:

"To the miners, Lewis is more than just the head of the UMWA. He has become their champion, the defender of an underprivileged group in its relations with the mine operators, a spokesman for a way of life."

It was with such a following that Lewis, in early 1945, introduced what many observers still feel was his greatest contribution to the country's long-lived labor movement.

He informed the coal operators that men—like machines—wear out and need constant upkeep.

He demanded that the operators pay a "royalty" on every ton of coal mined by union labor to be used to establish and independent trust fund to guarantee medical, pension and maintenance programs for his miners, their wives and their children.

The short strike in April, 1945, failed to win his point.

During April and May, 340,000 soft-coal miners refused to work in the pits—except for a brief period to honor a plea by President Harry S. Truman. It was short-lived.

Consequently, on May 21, 1946, Truman once again ordered seizure of the bituminous coal mines.

He directed Secretary of the Interior Julius A. Krug to negotiate a contract with the UMWA. Eight days later, the Krug-Lewis agreement was signed in the White House.

It provided for a "welfare and retirement fund to be financed by payment into the fund for operating managers of 5 cents per ton on each ton of coal produced for use or for sale."

Lewis had won. A "great dream" apparently had become reality for the soft-coal miners.

But for the next four years, chaos remained in the coal fields, and the fund was the cause of much of it. The coal operators proved uncooperative.

It was a time which saw the Taft-Hartley Act enacted over Truman's veto; and Lewis defiantly continued to use all the muscle of his mighty union to try to force the coal operators to support the fund.

The American public grew more and more disgruntled as the UMWA repeatedly shut down the mines.

Finally, on March 3, 1950, Truman sent a request to Congress for the power once again to seize and operate the coal mines.

According to the fund's 1951 annual report:

"Several hours after President Truman's

request to Congress . . . representatives of Northern, Western, and 'captive' coal operators reached an agreement with President Lewis and the UMWA on 'fundamental principles' of a new contract."

Unquestionably, Lewis had been successful in his defense of the fund. In 1947, royalty payments were raised to 10 cents a ton, in 1948 to 20 cents and in 1950 to 30 cents.

Two years later, on Oct. 1, 1952, they would go to 40 cents a ton.

By the fiscal year ending June 30, 1951, nearly three-quarters of a million men, women and children in the coal fields had received millions of dollars in benefits, \$82 million in fiscal 1951 alone.

Programs provided were: 1) Rehabilitation for the ill and injured; 2) Pensions for the aged; 3) Cash aid for disabled miners; 4) Hospital and medical care for miners and their families; 5) Death benefits, and 6) Maintenance aid for widows and orphans.

But a decade later, some of these basic programs had been discontinued, and participation in others sharply curtailed.

Bitterness against both fund and union slowly spread through the coal fields as those who were denied benefits began to ask: "What happened?"

The answer is elusive.

The trustees of the fund—including Lewis—are either unavailable to the press or noncommittal. Union officials say they cannot speak for the fund because it is legally separate from the UMWA.

"I haven't got any answer on why the board of trustees do certain things," said George J. Titler, international vice president of the union. "I'm not satisfied in the way they've expended their money."

Yet, a certain history can be pieced together. It is a history that runs hand-in-hand with that of the coal industry and the UMWA.

After World War II, the economics of the bituminous coal industry became very unstable. More coal was being produced than the market demanded.

This postwar decline of bituminous coal consumption reflected, in part, a progressive long-term shift from coal to alternative sources of energy, such as natural gas and petroleum.

But Lewis, the UMWA and the coal producers had also contributed to this lapse in the fortunes of coal. The public finally rebelled against the long years of bitterness and instability in the coal fields. It switched to gas or electricity.

After the war, then, consumption fell and unemployment in the coal fields rose. Full-scale mechanization further decreased the need for miners.

The U.S. Labor Department says: "Employment fell sharply. The average number of production workers . . . fell from about 411,000 in 1948 to less than 150,000 in 1959."

In short, hundreds of thousands of UMWA members who were employed miners when the fund was established, quickly became unemployed and, in many cases, unemployable—for they were no longer young and knew only the skills of coal mining.

Consequently, the fund found itself, seemingly, with a multitude of former miners and their families expecting their benefits and unaware that never again would they find work in the mines.

This truth, observers say, seems to have struck home during the 1950s then several national recessions occurred, further aggravating the situation by causing coal production and accompanying royalty payments to fall.

But the decline proved temporary. In the long run, the coal industry began to regain its health and by the end of its last fiscal year a record \$163 million was paid to the fund in royalties, up \$33 million from 1951.

The unexpended balance of the fund had risen from \$99 million to \$180 million.

Many of those denied benefits in the interim began asking angry questions.

Their feelings were put into words by Rep. Ken Hechler, D-W. Va., on Sunday when he called for a "full-scale Congressional investigation" of the fund. He said:

"I acknowledge that many benefits have reached the miners as a result of payments which have been made.

"But still the gnawing questions remain: Are the working and retired coal miners really getting a fair break out of the vast sums which are collected from the 40-cent-a-ton royalty on every ton of coal mined?"

"Does an auditing and accounting of the fund reveal precisely how these millions of dollars are actually being spent and invested?"

"What must be done to insure that every active and retired coal miner and his family is really protected and fairly compensated?"

#### DENIAL OF PENSION EMBITTERS HUNDREDS

(By Michael Adams)

Hundreds, and possibly thousands, of embittered ex-coal miners have been denied pensions because trustees of the Welfare and Retirement Fund of the United Mine Workers of America will not give them credit for the early years they worked in the mines.

Many are old, sick and disabled now.

But in the 1930s, they were the youthful miners who helped organize the bituminous coal fields, under the brilliant leadership of John L. Lewis.

In 1946, they were the middle-aged miners who helped make up the backbone of the union as it defied both the coal operators and the federal government to get the first pension and welfare fund established.

They were men who then repeatedly shut down the mining industry to protect the fund and to force the operators to pay more money into the pension and welfare trust.

Today, many of these same men live in quiet desperation throughout the coal regions of America. They received no pension, and they have no way to get one.

The trustees of the fund (including their beloved John L. Lewis) refuse to let them count toward the 20 years required for pension eligibility some of their most productive years in the mines.

There are many reasons for which a miner can be denied a pension.

Some critics of the fund claim that its eligibility rules for pensions are so restrictive that only the most fortunate eventually qualify.

Proof of eligibility, they point out, is always the burden of the miner. But coal operators have been allowed to destroy the very work records he needs for proof.

Several months ago, Staff Reporter Jerry Landauer of The Wall Street Journal wrote:

"Critics say serious inequities seem apparent. The fund has rejected many hundreds of pension claims . . . and the grounds for a number of the rejections appear questionable to some observers."

To many of the men denied pensions, the most questionable eligibility rule was passed by the trustees in 1953.

That rule says miners applying for a pension—besides meeting all other requirements—must have 20 years service in the coal industry "within the 30-year period immediately preceding date of receipt of application by the trust fund."

Before 1953, pension applicants could count any time worked in the mines toward their 20-year total, as long as other requirements were met. And a rules change in 1965 gives the same privilege to all miners working after February 1 of that year.

Close examination reveals that many miners born from 1893 to 1926 are not allowed to count their earliest years of work toward the required 20.

In practical terms, the men in this age group dared not stop working until 10 years before they reached pension age, or they

wouldn't have enough of the 30 years left to be able to qualify, no matter how many years they had worked.

For many hundreds of miners, it was impossible to meet this requirement. They had become sick or disabled, or they couldn't find employment.

Yet large numbers of them had worked the 20 years which would have been adequate had they only been born earlier or later.

Critics say, therefore, that the change in rules has created a situation for many miners which is "arbitrary and discriminatory"—though they admit the trustees had a legal right to make such changes.

Odell Sylvester Gwynn exemplifies the plight of these men.

Gwynn was born on May 5, 1906, in the small town of Goodwill.

He went to work in the mines, his records say, at age 15 as a brakeman for Gulf Smokeless Co. in Tams.

Ten years later, the UMWA arrived in the southern coal fields. Gulf Smokeless was organized, and Gwynn was one of the first to join the union.

He remained a member for more than 20 years, actively participating in the affairs of his local.

"I was vice president of the local union there for four years," he says. "I was also on the (grievance) committee."

He was there in May, 1946, when the union struck for nearly two months to force the operators (and finally the federal government) to establish the Welfare and Retirement Fund.

And he was there in the years that followed as the union battled the operators to force them to support the fund concept and increase the amount of money they paid into it.

But in 1949, misfortune settled on the shoulders of Odell Gwynn. At age 43, he became one of the disabled.

"I came out of the mines . . . the doctors found out I had ruptured some discs in my back," he said.

In 1951 and again in 1952, fund doctors operated on Gwynn's back. They couldn't repair it.

"The doctors told me I could never do any more work," he said.

And, although he didn't realize it at the time, he would never receive the pension to which he believed he was entitled, even though he had worked 28 years in the mines. The reason?

Gwynn reached pension age in 1965.

He went to the UMWA District 29 office in Charleston.

"They wouldn't even give me an application form," he said. "They refused to let me file. They told me I'd been out of the mines too long."

"I told them I had hoped they would give me some time because I had been sick and couldn't work."

They refused.

Under the 1953 rule, the fund would credit only the years Gwynn worked after 1935. This left him with only 14 of his 28 years to show for his labor.

Today, Odell Gwynn and his ailing wife, Carvie, live in their small home on the south side of Beckley. Their income is \$2,119.20 a year, all from Social Security. The pension he anticipated so long would have lifted the Gwynns to an income above the poverty level.

There are many hundreds of cases similar to Gwynn's in the nation's coal fields.

Critics say this group of men deliberately were cut out so that the fund and the UMWA could rid themselves of responsibility for the multitude of older, unemployed miners and their families who were expecting pensions and accompanying medical benefits.

The 1953 and 1965 rule changes, they say, were enacted to benefit the younger miners who are now more valuable to the UMWA.

Harold W. Ward, chief spokesman for the trustees denied this.

"I think you would make a horrible mistake if you thought a decision was made just to favor the younger guys.

"It would be a horrible mistake to think there was some kind of collusion between the fund and the . . . union."

Ward was asked to query Trustee Director Miss Josephine Roche on the subject, as she refuses to meet with the press. Her answer was, in part:

"The (1953) resolution was adopted . . . in recognition of the need to preserve the stability of the trust fund in order to meet the equities and future expectations of the men currently working in the mines under contract calling for a 40 cents royalty.

"It was felt that by 1953, the equities of the older miners, who had been active almost entirely before the fund was created . . . had been fully met."

Some critics will argue that Miss Roche's statement seems unrealistic and inhumane. The lack of recognition of the sacrifices these older men made to establish and maintain the fund is obvious, they say.

It is true that approximately 40,000 miners were pensioned under the early (1953 and before) regulations.

But the U.S. Department of Labor points out in its literature that employment in the bituminous coal mines fell from 411,000 in 1948 to less than 150,000 in 1959, leaving thousands of men out of work.

Further after World War II large numbers of these men undoubtedly were nearing retirement age. According to the Labor Department.

"Older mine workers increased markedly in importance in the industry's contracting work force. In 1938 . . . 30 per cent of all coal miners were 45 years of age and over; by 1957, the proportion had risen to 41 per cent.

"Compared with U.S. workers as a whole, the labor force of the coal industry was older and the average age was rising faster."

Since the first pension check was presented to H. M. Ainscough, of Rock Springs, Wyo., on Sept. 9, 1948, more than 130,000 miners have been found eligible for this benefit.

As of June 30, last year, 69,750 of these men were still alive and receiving their money. Lewis said.

"No pen can write no tongue can tell, no vocabulary of language is large enough to express the many benefits that through the establishment of the Welfare and Retirement Fund."

Fund critics now wonder whether those words were meant to apply to the many hundreds of other men who worked their 20 years in the mines, but were denied the pension because they were born in the wrong year, or became sick or disabled.

There is bitterness in the coal fields.

#### EMPLOYED MEN WERE ALOOF TO REBELLION (By Michael Adams)

In 1960, a little-noted miners rebellion was staged in some of the nation's bituminous coal fields against the Retirement and Welfare Fund of the United Mine Workers of America.

Since the early 1950s, trustees of the fund gradually had been restricting the number of miners and ex-miners who could qualify for benefits.

Individual ex-miners or their widows sometimes would complain, but few of the employed men listened.

One who didn't is Lee Christian, 44, of Avondale. That was before Christian, himself, was disabled. He says:

"I was working, and I never gave it a thought.

"There was these people out here saying, 'I can't get this, and I can't get that.' We thought it was people trying to get something for nothing.

"If a man's working, he never gives it a thought."

On July 1, 1960, the trustees announced that most miners would be terminated from hospital, medical and death benefits after being unemployed for one year—regardless of the reason.

This struck home. Some of the working miners (in this industry of high unemployment, accident and fatality rates) did give that a thought.

Protest meetings were sparked in Kentucky and Pennsylvania. A half-dozen mines were picketed and temporarily shut down in West Virginia.

In the end, however, the small convulsion achieved little that seemed significant nine years ago.

But the suspicion, bitterness and distaste toward both fund and union found in the coal fields today have much of their roots buried in the events of 1960.

Such attitudes often are dated from "the day they took my medical card."

To many observers, it is ironic that some of the deepest resentment of the fund stems from this cutback in medical coverage.

For, it is in the field of medicine that the fund made some of its most significant contributions to the people of the coal industry.

The original 1946 agreement to establish the fund specifically stipulated that a survey be made of hospital, medical and sanitary facilities in the coal fields.

The results were released March 17, 1947, by Rear Adm. Joel T. Boone of the U.S. Navy Medical Corps.

The Boone report shocked the nation with its descriptions of squalor and inadequate health and medical facilities in the soft-coal areas.

It was the fund that took the first steps to remedy the situation.

On Dec. 1, 1948, ten regional medical offices were opened at strategic points in the bituminous coal fields.

Less than two years later, a rehabilitation program was begun that still stands today as a great accomplishment in the history of coal mining.

A backlog of more than a thousand men brutally crippled by mining accidents and explosions were moved from the desolation of the coal fields and admitted for treatment into some of the nation's finest medical centers.

By 1952, the program was well on its way toward being a brilliant success.

That year, the trustees announced still another program destined to have a lasting impact on the coal fields.

Ten hospitals would be constructed, they said, in Kentucky, West Virginia and Virginia "so that fund beneficiaries living there might receive the adequate hospitalization which is not now available to them in their home communities."

On June 2, 1956, John L. Lewis dedicated all 10 in a ceremony at Beckley. They had cost the fund nearly \$30 million.

Even the harshest critics of the fund grudgingly admit that its early medical programs—and some that exist today—almost defy criticism.

While calling for a "full-scale congressional investigation" of the fund earlier this week, Rep. Ken Hechler, D-W. Va., noted:

"The building and maintenance of the miners' hospitals is a godsend to many miners."

But overshadowing the "godsend," say the critics, is the manner in which ex-miners and their families have been treated by the fund since 1954.

In August 1949, Miss Josephine Roche, then director and now trustee-director of the fund appeared before the Senate Committee on Banking and Currency.

She described the fund programs of cash aid to disabled miners and to widows and children of deceased miners.

Miss Roche said:

"The disbursement . . . has to do with this endlessly long accumulation of broken human beings, of human denials and human want."

Disability grants, she said, had been paid to 84,625 miners (77.1 per cent of whom were permanently disabled) . . . "who have had recourse only to public-charity pittances and charity-hospital wards."

Widows assistance grants were paid to 30,583 widows and children, Miss Roche said, adding:

"And included . . . are nearly 4,000 widows whose husbands were killed in the mines.

Less than a year later, Miss Roche became one of the three trustees of the fund.

In another three and a half years, on Jan. 14, 1954, the three trustees, at their "discretion," terminated these aid programs.

The 1954 annual report announced that the programs both had been "temporary." This wasn't mentioned in earlier reports.

Nearly 55,000 disabled miners, widows and children were cut off. Seventy per cent of the men were totally disabled. About 90 per cent of the widows were "aged." Only 25 per cent of all those affected had any other source of income, according to figures in the annual reports.

Six years later, the majority of the 55,000 still living also lost their hospital benefits.

Harold W. Ward is chief spokesman for the fund. Asked why the cash aid programs were stopped, he said:

"Social Security benefits were getting better, and relief agencies were being born all over the states. Should they be discriminated against by welfare agencies just because they were miners?"

Information from the Social Security Administration indicates, however, that programs which would benefit those denied the cash aid were not put into effect for several more years.

Miners suddenly denied the aid say:

"In that day and age, welfare wasn't so easy to get, and its payments were much lower than today."

Thomas M. Blevins, who lives near Glen Fork in Wyoming County, seems to typify their plight.

A mine worker for 25 years, and member of the union for 30, he was disabled in 1952 by a respiratory disease. When the cuts came, he was surprised and dismayed.

"I didn't know it was temporary," he says. "I didn't have no other income when I got cut out."

To live, he says, "I sold some property I owned. I was on DPA (welfare) for awhile. Then my son joined the Marines, and he helped support us."

In 1958, Blevins finally qualified for disability Social Security. Five years later, he was denied a pension, though he had worked at the same coal company for 25 years.

The same year Blevins went on Social Security, the nation entered a period of economic recession. Coal production dropped sharply.

Royalty payments into the fund fell from \$155 million in 1957 to \$114.5 million in 1961, as the unexpended balance dropped from \$145.4 million to \$99.8 million.

The 1960 medical program limitations resulted directly from this recession, according to fund literature.

Six months later, pension payments were reduced from \$100 to \$75 a month.

In October, 1952, the trustees announced the hospitals would have to be closed or sold.

To many observers, the actions of the trustees seem to have been based upon economic realities.

What these observers do not understand is why, at a time when their decisions were visiting misfortune upon thousands of miners, the trustees did not make a greater effort to explain the difficulties they faced.

To a man accustomed to the poverty of

the coal fields, critics say, a \$99.8-million reserve seems like a lot of money.

In writing the Welfare and Pensions Plans Disclosure Act, the U.S. Congress pointed out that owing to "the lack of employee information" concerning the operation of such plans, "it is desirable in the interests of employees and their beneficiaries . . . that disclosure be made with respect to the operation and administration of such plans."

Critics say that while the fund may be meeting the legal requirements of the act, it is still being obscure from the point of view of the beneficiaries.

As an example, they cite the sale of the hospitals.

The actual amount of the money lost in the sale was never detailed. The 1964 annual report simply reads:

"Long term mortgages held by the trust fund on these hospitals were released upon their sale . . . allowances have been made by the fund to reduce the amount of the notes receivable to the remaining net worth of the debtor corporation."

Fund spokesman Ward admits that the chain was sold at a loss of about \$16 million, which had to be made up from royalty payments in the fiscal year ending June 30, 1964.

To many, \$16 million is a sizable allowance.

#### FUND, UNION BANK TIES BRING RAISED EYEBROWS

(By Michael Adams)

The Welfare and Retirement Fund of the United Mine Workers of America has accumulated at least a \$180-million cash reserve.

The money was paid into the fund by coal operators as royalties on every ton of soft coal mined by union labor.

Three trustees rigidly control operation of the fund and its assets. One represents the union, another the industry, and the third is neutral.

These trustees deposit most of the money collected in the National Bank of Washington. This bank, for the most part, is owned and controlled by the union.

Appreciably less than half of the money deposited there by the fund has collected interest.

Since being purchased covertly by the union in 1949, the bank has experienced amazing growth. Critics say this has been possible only because huge sums of fund money have been available, through the bank, for the union to use as it sees fit.

This situation, they say, violates the Taft-Hartley Act, which says that the fund must operate entirely independent from the union.

Meanwhile, thousands of ex-coal miners and their families systematically have been excluded from pension and medical benefits they believed were promised them by John L. Lewis when the fund was established 23 years ago.

Lewis is the trustee representing the union. Those denied benefits bitterly are asking, "What happened?"

And a great deal of interest has been generated over the relationship between the fund, the union and the National Bank of Washington.

Ultimate responsibility for operating the fund is vested in the three trustees—Lewis, Henry G. Schmidt and Miss Josephine Roche.

Lewis, now 89, reportedly has been in failing health for the past year, although fund spokesmen say he still attends board meetings. He receives a \$50,000-a-year pension from the UMWA, and apparently takes no pay for serving as a trustee.

Schmidt is chairman of North American Coal Co. and serves as the industry trustee. At age 68, he receives \$35,000 a year from the trust fund. In addition, North American reportedly pays him an additional \$75,000 a year.

The "neutral" trustee is Miss Roche, who has been described as the "alter ego" of Lewis.

Eighty-two years old, she also serves as the funds' executive director and is paid \$60,000 a year.

Critics argue that the trustees, no matter what their virtues in the past, are now too elderly to have such absolute power over the destinies of the nation's thousands of soft-coal miners.

They also feel that salaries paid the trustees are much too high for an organization that, in the past, has reduced or cut off benefits, using economic necessity as the basis for their decision.

A miner's pension, they say, brings him \$1,380 a year. Miss Roche's salary alone, they pointed out, would provide pensions for 43 miners a year at its present level.

In truth, the whole question of salaries paid employes and officers of the fund is being raised more and more often.

In its annual reports, the fund regularly makes it a point to state how low administrative costs are in comparison to total yearly expenditures.

In the report for the year ending June 30, 1968, administrative costs were given as 3.1 percent of total expenditures—nearly \$5 million.

Salaries account for almost \$4.1 million. According to Harold W. Ward, chief spokesman for the fund, the organization employs 325 persons in its Washington, D.C., headquarters and its 10 area medical offices.

This would seem to mean that the average salary paid by the fund is \$12,606.72 a year. "We have to pay the doctors good salaries to keep them," said Ward. "That brings up the average."

While the fund, at times, seems reluctant to discuss any of its affairs with disenfranchised miners or the press, this particularly seems true in matters of finance. Miss Roche refuses to meet with reporters. Questions to her must be channeled through Ward. Lewis is unavailable. Schmidt does not comment.

Many feel that this attitude on the part of the trustees is autocratic, and that it reflects long-time practices of the UMWA—a practice no longer so palatable in this age of self-assertion.

Lewis, say the critics, ran the union with an iron hand for 40 years. Miss Roche, they say, employs the same philosophy in administering the fund.

The lack of openness inherent in such an operation, they argue, is reflected in the relationship between the fund, the union and the National Bank of Washington.

Records in the Comptroller of Currency's office show that the National Bank of Washington has one million shares outstanding, each valued at \$10.

As of June 29, 1969, the UMWA owned 740,888 of those shares.

Substantial interest in the NBW was first acquired covertly by Lewis and the union in June, 1949. It would be years before Lewis would admit the bank was owned by the UMWA.

Washington's oldest bank, the NBW at the time the union purchased it was also one of the smallest, with some \$25 million in assets in 1948.

Within the next few years, the bank experienced phenomenal growth.

One reason for this, say bankers near the coal fields, is that Lewis insisted they establish a financial relationship with the NBW which might not have been in their own best interests.

When they refused, Lewis took the union and fund money deposited in their banks and shifted it to Washington.

Further growth resulted from the NBW's acquisition in 1954 of Washington's Hamilton National Bank through an unknown buyer who paid about \$10 million to buy 80 percent of Hamilton's outstanding shares, at \$110 a share.

According to a newspaper account at the time:

"Executives of other banks shook their heads at the price of \$110 a share and said it was abnormally high."

Critics say that such lavish expenditures might not have been possible, had not millions of fund dollars been on deposit at the NBW.

And the 1954 annual report for the first time lists a fund savings account in the bank. It totalled exactly \$10 million.

Critics also complain that a disproportionate amount of the money on deposit in the NBW is from the fund and that—although the trustees and union officials may be abiding by the letter of the Taft-Hartley Act—in practice, the union is able through the bank to do what it wants with the royalty income.

Accounting differences make difficult a comparison of fund deposits to total deposits in the bank (excluding U.S. Government deposits).

Roughly, however, it would seem that in 1967—the last year complete figures are available—about 25 per cent of the money in time and demand deposits in the bank came from the fund.

The percentage seems to have climbed steadily from 13 percent in 1963.

Recently, the fund has come under sharp attack for keeping nearly \$70 million in checking accounts in the NBW where it does not draw interest.

Staff Reporter Jerry Landauer of The Wall Street Journal put it this way:

"This act of generosity to the union-controlled bank deprives the pension fund of more than \$3 million a year in interest income."

Three million dollars would pay pensions for a year to 2,173 miners.

Fund spokesman Ward queried Miss Roche about the checking accounts. She said:

"That happened to be the balance on June 30, 1968, because of estimated potential needs at that time in keeping with our expenditures of \$13.5 million to \$14 million a month."

Critics say this is a strong argument against keeping \$70 million in the checking accounts.

Ward said that the balance just happened to be particularly high at the end of the last fiscal year, intimating that this was not a normal condition.

The fund's annual reports since 1954 show, however, that on each June 30, the trustees have had about 50 per cent or more of the royalty money in the noninterest checking accounts.

Still another criticism concerns the \$180-million unexpended balance. Critics say the amount is excessive, and that some of it should have been expended to maintain the discontinued cash and medical programs for the ex-miners and widows.

Said Miss Roche:

"This unexpended balance is not excessive for the reason that it represents approximately only one year's benefit expenditures. Many other plans have many, many times that much reserved for pensions alone."

Observers say that Miss Roche, at best, is being too conservative.

George J. Titler, international vice president of the UMWA, recalled recently that after the fund was first established, the coal operators wanted to delay benefits until interest could accumulate from investing royalties already collected.

The benefits were to be paid with interest.

"Lewis argued that it would take 20 years to start benefits under that plan," said Titler. "He insisted that the fund operate on a pay-as-you-go basis. He said that never in history has production in the American

coal industry gone below 330 million tons a year."

If that is the case, say the critics, the fund can always rely on at least \$132 million a year in royalties, and a \$180-million reserve is excessive.

They intimate that there are other reasons for building up a huge unexpended balance, reasons involving the union and the National Bank of Washington.

But their charges even if true would be hard to prove.

As Rep. Ken Hechler, D-W.Va., said Sunday while calling for a congressional investigation of the fund:

"It is difficult to obtain clear and complete information about the inner workings of this fund (and) how its money is spent. . . . Does an auditing and accounting of the fund reveal precisely how these millions of dollars are actually being spent and invested?"

#### ANOTHER DAY OLDER, DEEPER IN DEBT

(By Michael Adams)

This is the history of Albert Jennings Duncan, ex-coal miner.

"I started going in the mines when I was 15 years old. I wasn't even out of school age."

That was 1922.

"I joined the union when they first started. The day they signed me up, we got run off the company's property."

The early 1930s.

"I got disabled in the mines."

That was 1957.

"I couldn't keep up my union dues. I got dropped."

In 1961. "But I paid up my back dues and borrowed the money to do so. It was 80-and-some dollars."

That was 1965.

"I got turned down on a pension. They said I lacked six months."

"I said what about a refund on my money. I said it was borrowed money. The international said they'd pay the money back if the local would. The local said they wouldn't pay anything back."

That was in 1966.

Today, Duncan is 62 years old and lives in Twin Branch. His income is \$63 a month from the West Virginia Department of Welfare. He says:

"That's just starvation."

"But I'm still a union man. I believe in organized labor."

Duncan's is not an isolated case. Thousands of histories can be found in the nation's soft-coal fields that are, if not similar, just as tragic as his.

This, say critics, explains the deep bitterness of the ex-miners and their families toward the United Mine Workers of America and its multimillion-dollar Welfare and Retirement Fund.

Like Duncan, many still believe in organized labor, but not in the UMWA as it exists today.

They believe they had a vested interest in the fund, and that they were guaranteed pension, medical and other benefits in 1946 when the fund was established.

"After all," they say, "we mined the coal that the operators paid royalties on. We got an interest."

Under federal law, this does not seem to be the case.

Annual reports issued by the fund state: "No vested interest in the fund extends to any beneficiary."

"Resolutions adopted by the trustees governing fund benefits . . . specifically provide that all these benefits are subject to termination, revision, or amendment, by the trustees in their discretion at any time."

That is the law. But what the miners were led to believe in 1946 and the years that followed is another thing.

As recently as April 1, UMWA President W. A. "Tony" Boyle reiterated the line of emotional argument that leads the miners to believe the fund is theirs and that benefits are assured.

Boyle spoke to about 2,000 coal miners at a rally in Pittsburgh.

He reminded the men that exactly 23 years before, the UMWA had started "the historic work stoppage . . . that won our union its welfare and retirement fund."

He said:

"It was a tough battle. But as a result of your action you won a contract providing for a nickel a ton royalty."

"That shutdown of the coal industry—that use by you coal miners of organized labor's one and only real weapon when words fail—convinced the federal government and eventually the coal operators that an industry-financed health and welfare fund was a proper charge against the cost of production of coal."

The miners and ex-miners firmly believe they went on strike in 1946 and the years to follow because they were promised the pension and other benefits.

"That's what it was all about," they say.

But not according to George J. Titler, described by some as Boyle's closest ally in the union, as well as its international vice president.

"That's a lot of hokey," he says. "They weren't promised anything. When a miner goes out on strike, he goes out because his union says so."

So the battle goes. The exminers insist they have benefit rights. The fund and the union say they have no rights.

Warren R. McGraw was born and raised in the coal country around Pineville, where his father was a teacher.

Now 29 years old, McGraw is a freshman member of the West Virginia House of Delegates. Earlier this year, he was an outspoken advocate for the rights of coal miners during the "black lung" debate.

Six years ago, however, McGraw was fresh out of Wake Forest Law School and trying to start a practice in Pineville.

His first client was Thomas Manuel Blevins of Glen Fork.

Blevins had worked as a coal loader for the Morrison (later Bellemeade) Coal Co. from 1927 to 1952, when he became disabled.

He was a member of the UMWA for 30 years.

He was denied a pension in 1963. The fund wouldn't credit the early years he worked at Morrison toward the 20 years required.

Blevins was shocked. He distinctly remembers the strikes that led to the creation and growth of the fund.

"We was striking for those pension benefits," he says. "All they told us was in 20 years you'll get a pension. In the beginning of it, that's what we was fighting for."

McGraw took Blevins' case to the U.S. District Court in Bluefield.

In his complaint, he argued that Blevins was a "third party beneficiary" under the contract between the union and the coal operators.

He claimed that in denying Blevins his pension, the fund had "breached the aforementioned contract."

In short, McGraw claimed that Blevins did have a vested interest in the fund.

The case was never heard. It was dismissed "without prejudice."

The trustees of the fund were in Washington and could not be brought to court in West Virginia.

Asked why he didn't appeal the case or take it to Washington, McGraw said:

"We couldn't afford it. The attorney fees alone probably would have run a couple of thousand dollars. A man has to eat."

McGraw still believes, though, that his legal argument is sound.

"Once you get them into a court," he says,

"they've had it. Because some court, possibly the Supreme Court of the United States is going to have to decide whether these trustees can make such arbitrary rules. One day you're on, the next day you're off."

"They're dealing with some vested interest here," he says.

As for Blevins, he and his wife now live on social security benefits, and he still keeps hoping that someday he'll get his pension.

Says McGraw:

Everybody that knows him likes him. He's just been a decent man all his life."

To sue the fund, it takes money and a lawyer. Both seem to be hard to come by in West Virginia, at least from the point of view of an impoverished ex-miner.

To remedy these problems, an unusual organization was formed in 1966—The Association of Disabled Miners and Widows.

The association charges each member a dollar a month dues. Half of the money collected is paid a lawyer; the other half is used for expenses of local chapters throughout West Virginia and expenses of the board of directors.

The association's lawyer is P. W. Hendricks of Madison. The ex-miners say they went to Hendricks after several other lawyers turned them down.

Hendricks has long been a controversial figure in the West Virginia law profession. He once was suspended from the Bar for six months.

But most of the ex-miners swear by him.

"Among the laboring class of people," says Association Treasurer Howard Linville, "Woodrow Hendricks has got the best reputation of any lawyer in the world."

"He loves to win too well to be bought," says another member.

Linville keeps a detailed record of all money paid Hendricks. From June, 1967, to January, 1969, it amounted to \$11,000—or an average of \$550 a month for 20 months.

Hendricks has provided office space for the association to collect the records of its 2,000 to 3,000 members.

He also furnishes them with a part-time secretary.

Currently, the association has one case pending appeal in federal court, but the going is slow and there is no assurance Hendricks will win.

For this reason, members of the association are delighted in the request made last Sunday by Rep. Ken Hechler, D-W.Va., for a full-scale congressional investigation of the fund.

Many feel that, in the long run, only the U.S. Congress can ultimately solve their problems.

But some observers feel there is one other solution. They say that the union should insist the coal operators pay more in royalties than the present 40 cents a ton.

With the extra income, they say, the fund could reinstate benefits which have been dropped and give pensions to all the miners who have been denied.

The union rejects this idea.

"We wouldn't have any non-union mines in the country if it wasn't for the welfare fund," says Titler.

He, and other union and fund spokesmen, say that many of the union's current legal problems arose out of royalty disputes.

They say that it was small coal operators being sued for back royalty payments who banded together and brought a charge that the union and giant Consolidation Coal Co. have been conspiring since 1950 to monopolize the soft-coal industry and drive the small operators out of business.

A federal jury in Kentucky recently decided that the charge was true. The case is on appeal.

It does not seem likely to observers that the union will call for increased royalty payments.

And so stand the problems of thousands of

ex-coal miners, their widows and children today.

John L. Lewis once said: "The UMWA Welfare and Retirement Fund has done more for miners than any other institution which has had to deal with mine workers since the 10th century, when coal was discovered in the Forest of Dean." Almost no one will deny that.

Men like Albert Jennings Duncan and Thomas Manuel Blevins do ask, however, what happened to their part of the benefits.

As Wannis Stinson of McDowell County says:

"You take we old miners, we got these young miners what they got now. We made them now what they got. But what happened to us, though. We got kicked off to one side, and that's the end of it."

#### RAISING INCOME TAX EXEMPTION LEVELS ON RETIREMENT AND PERSONAL INCOME

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

Mr. PODELL. Mr. Speaker, two identifiable groups in our country are being increasingly penalized by an unbalanced and admittedly unjust tax system. Older retired people and lower and middle income taxpayers are bearing an unfair portion of our tax burden, while special interests are evading their legitimate taxpaying responsibilities by utilizing special tax loopholes, or as former Senator Douglas, of Illinois, termed them—truckholes. Such a situation cannot continue for much longer.

A personal exemption to an individual taxpayer of \$600 is grossly unfair, ignoring today's financial realities and demands. I am now introducing a measure that would double the present \$600 personal income tax exemption to \$1,200. This includes exemptions for a spouse, dependent, and additional exemptions for old age or blindness. I am further aware that Treasury Department people have decried any effort to raise personal exemptions because of loss of income to our Government. That is precisely one reason for my advocacy of this reform.

Passage of a bill doubling the present personal income tax exemption would necessitate closing of existing tax loopholes, relieving millions of individual lower and middle income taxpayers on the one hand and forcing tax reform on the other.

My second measure, being introduced today, is an amendment to the Internal Revenue Code which provides a full \$5,000 exemption from income tax for amounts received as annuities, pensions, or other retirement benefits. This is in addition to whatever other exemption is received by the older citizen. It would be a basic exemption, over and above any portion of a retirement benefit exempted in any other part of the Internal Revenue Code.

Our older citizens are caught in a vicious bind, consisting of inflation and fixed income. While other elements in American society evade taxes with ease, these older citizens find their hard earned dollars threatened and overtaxed. Such an evil ill behooves our country and should be removed. My bill would have this effect.

A differentiation must be drawn here between a loophole and an exemption. Loopholes or truckholes are based on a function or activity of a special interest group, such as the oil industry, a single major corporation or the investment industry. Over the years, because of their power, wealth, and ability to hire specialists in gaining these favors, loopholes have been opened in our tax laws through which special interests have siphoned off vast sums of money. Slack left by these activities has had to be taken up by lower and middle income taxpayers and older Americans.

An exemption such as the two I have offered in my two bills is based on an inherent condition. Retired people on limited incomes falls in this category, as do lower and middle income taxpayers. They are not a special interest group in the sense that an industry or a corporation is. The oil depletion allowance is not based on income but on special interest. Contrast this with the plight of these other groups.

Trapped in a human condition, they are bearing the lion's share of the burden of the 10-percent surcharge, in addition to what they were already contributing. Certainly the special interest groups in industry are not bearing their fair share.

Passage of larger personal and retirement income tax exemptions will redress the present imbalance in our tax system as it applies to millions of Americans. Such new leeway would counterbalance advantages presently enjoyed by special interests at expense of others.

I reject the argument that more loopholes should be opened. Why riddle an already perforated system? I seek basic legislative relief through these two bills—a meaningful approach to comprehensive as opposed to superficial reform.

These measures complement H.R. 7585, which is a comprehensive tax reform package, removing most privilege and closing most loopholes.

#### NEW NIXON DIRECTIONS—PENNIES FOR CLEAN WATER—CUTS FOR EDUCATION—SLASHES AT JOB CORPS—BILLIONS FOR THE CANON KINGS

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

Mr. PODELL. Mr. Speaker, the Bureau of the Budget turned down Secretary of the Interior Hickel's \$600 million request to help clean up our water supplies. It will hold spending levels for water pollution controls to \$214 million for the coming fiscal year; same amount as last year.

President Nixon and the Bureau of the Budget next delivered a body blow to American education in the form of a 10-percent cut in the proposed Federal education budget, amounting to approximately \$360 million. A quick little fiscal two-step and impact aid, library programs, and advanced educational experiments are slashed to the bone. Mr. Nixon's answer to inflation. It is like seeking to neutralize nitric acid with talcum powder.

Having been raised in a city and rep-

resenting a metropolitan district, I have a nodding familiarity with urban problems and thought. Evidently, such is not the case at the White House. In the name of fiscal responsibility, the administration proposes to close down a series of Job Corps centers across the country. It is reported that at least two of the largest centers for unskilled young men will be closed. Six women's centers are also on the list, as are two-thirds of our 82 conservation centers.

It seems that Mr. Nixon has our social priorities reversed, to the growing dismay of millions of Americans. Clean water and aid to the poorest school districts seem to come very low on his list. Perhaps he might enjoy inhaling the pungent smell of the Hudson River and Lake Erie, which are open sewers. Perhaps he ought to see what happens to a poor school district when you cut off aid.

During the presidential campaign, it was obvious that President Nixon knew little about cities, where the overwhelming majority of Americans now live.

When the President was a young man, fewer young people competed for fewer jobs demanding lesser skills. America was a land of small towns rather than massive concentrations of concrete, traffic, turmoil and moving masses. There were no crises in identity, mobility, pollution, training, and housing. Yet today we face all these, and especially do our young people. Yesterday they possessed no voice and few rights. Today this is all changed.

Under the previous administration, a major effort was mounted aimed at leveraging these youngsters out of dead end situations and into a place where alternatives could be offered them, as well as a breathing space far away from cities. Simultaneously, they were put to work on tasks benefiting the Nation and themselves, receiving a few dollars in the process. These took the form of Job Corps centers the President now proposes to slam shut in the faces of thousands and thousands of these young people, sending them back to the streets and futility of the past. How terribly sad.

Forget about past misery which molded them and their frustrations. Ignore progress made because of Job Corps. Destroy their newly raised hopes. Close our eyes to environments they will be forced to return to, and attendant strictures America shall suffer because of the administration's decision.

Violence and upsurges of a revolutionary nature are not caused by the hopeless, but by those who have glimpsed light at the end of a tunnel and had it snatched from them.

I suppose the White House will call these acts of unprecedented fiscal shortsightedness red-hot miracles at its next carefully staged press conference. New directions, indeed.

#### CONGRESS MUST RECLAIM FROM THE PRESIDENCY THE POWER TO DECLARE WAR

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

Mr. PODELL. Mr. Speaker, when the

Constitution of this Republic was pro-pounded, written, signed, and ratified, the power to declare war was expressly reserved to Congress. Up to our present age of world wars, this rule was scrupulously adhered to in every national crisis, no matter what the exigencies of any situation happened to be. I regret to say this is no longer the case. Congress has allowed its power to declare war to slip away, along with many of its other powers, to the ever-predatory executive branch of Government.

Any strong President acts as a magnet for power, drawing it unto him so he may adequately fill roles he is constantly reaching out for. Such has been the case at least seven times in our history. Add a military conflict to a strong President, and the flow of power, usually at the expense of the legislative branch, increases in tempo and scope.

World War II and our entry into the Korean conflict provide ample proof that there must be executive action in crisis or to honor commitments. Still, political scientists and legislators may ask what about power of Congress?

It can, perhaps, be stated that the old form of declaring war by Congress has become obsolete. Yet the war power has not changed hands in any manner whatsoever. It still remains the absolute prerogative of Congress to declare when a state of war exists between this Nation and another sovereign state. Recent history, however, would never lead us to believe this. Once troops are committed and hostilities underway, initiative no longer rests with Congress. Only calls to the colors are heard, rather than appeals to reason.

Congress must take it upon itself to draw a meaningful, definite line between congressional and Presidential authority. There have been deliberate executive efforts over the years to insure that this line of authority remains blurred, leaving significant leeway to a Chief Executive. This is one of the main reasons why we are embedded in the Vietnam quagmire. By all means, a President can and should direct foreign policy. By all means, he retains the right to ask Congress to commit military forces. He does not have a right to dispatch them in the manner they have been assigned in recent years, particularly Vietnam. It is well to bear in mind that Congress has exclusive power to raise and financially support Armed Forces. If necessary, such aid to a Chief Executive can be withheld pending the drawing of a strict line acknowledging supreme power of Congress to declare war. This is particularly true of "limited wars" that are not thermonuclear confrontations. We must insure there is never again a remotest chance of repetition of our Vietnam commitment, where by a series of Executive orders America has become enmeshed in a conflict that has already killed more young men than the Korean war. Congress must insist that the concept of divided powers remains valid, insuring that it is respected by insisting on proper governmental procedures. If a war policy is being pursued, Congress must be so informed by the Chief Executive. If that policy involves use of American military forces in de-

fense of another country, Congress must be asked for authority to satisfy the constitutional requirement and to provide a check and balance on executive action—actions sorely lacking as we casually made massive commitments in Vietnam. Power to declare war must be adapted to contemporary conditions.

Nor has the nuclear age changed things, since Congress authorized development of our thermonuclear arsenal and appropriated funds for its deployment and maintenance.

It is likely, because of the international balance of terror, which will probably endure indefinitely, that many future war crises will arise in our times. These may take the form of many potential Vietnams. Some will arise in Asia. Early outlines of future conflicts can already be seen in Thailand. Others may emerge in Latin America, similar to Cuba. Social conditions there make it almost certain that upheavals will surely follow. Our present major involvement on that continent will thrust us into the forefront. The Dominican Republic and Cuba are classic examples of previous choices offered our country. In the Middle East and Africa, the Israel-Arab imbroglio and colonial conflicts even now raging guarantee further involvement. It therefore behooves the Congress to stake out its position of responsibility and domain swiftly, in order to make it perfectly clear that no executive commitments of American forces can or should be made without consultation of the body vested with the constitutional right to declare war. We must insure that there will be no more Tonkin Gulfs.

Just as Congress drained back power taken from it during World War I after President Wilson left office, so should Congress reclaim its power right now taken from it by the executive branch of Government. It can do so by restating its role in no uncertain terms.

May I emphasize that I do not state this position in any partisan sense. Mr. Nixon as a Republican President is not the target of my remarks. It is the office of the Presidency that has gained overmuch power at the expense of other branches of Government. What I advocate now has been a historic swing of our national pendulum of power. It is time for Congress to render unto itself what belongs to it. We shall, at the same time, render unto the Presidency what is due that mighty office.

If Congress is to remain relevant—if Government is to remain in balance—there must be reclamation by Congress of its power to commit this Nation to a policy of conflict with another nation-state in the world.

Not to do so would be an abrogation of our legislative and constitutional responsibility. Not to do so would chance another Vietnam. Power within the Government of the United States of America must be rebalanced.

My concurrent resolution follows:

H. CON. RES. 199

*Resolved by the House of Representatives (the Senate concurring).* That it is the sense of Congress that since the power to declare war is vested by the Constitution in the Congress and since that power has been en-

croached upon, the following procedures should be followed to provide the necessary checks and balances between the executive and legislative branches of the Government: The President shall inform Congress of any war policy that he intends to pursue, and the President may not commit the Armed Forces of the United States in any combat action in any foreign country unless he has been authorized by Congress to take such action.

#### TAX REFORM AROUSES AMERICAN PUBLIC

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

Mr. MADDEN. Mr. Speaker, during my long service in Congress I have never experienced the uprising in my home district concerning Federal tax inequalities like I did during the Easter recess. Many Congressmen, no doubt, received the same criticism of our Federal tax system during the last week. Evidently, many of the millions of taxpayers throughout the country were rudely awakened when they made out their income tax forms during the last month or two to find the increase 10-percent surtax "hitting their pocket books" in addition to the high tax bracket of 1968.

The average American will support his Government during a domestic or international crisis willingly if he knows that all American taxpayers are contributing the same financial support percentage-wise in comparison to their annual profits. Many people are receiving firsthand knowledge of the fabulous and fraudulent loopholes given big oil, big foundations, big real estate and big exemptions, depletions and credits in other lines of industry and business. When almost two-thirds of our Federal taxes are being paid by salaried and wage earners, it is time for a congressional investigation as to why this unequal tax assessment has been allowed to grow into a scandal that an investigation as to its origin might rival the Teapot Dome scandal of the 1920's.

Many newspapers are picking up the fight although some still are reluctant to inform their readers as to the real truth of inequalities that have taken over the Federal tax structure during the last 30 years. Real action must be taken in this session of Congress or an uprising of the American taxpayers may occur that might become as historic as the Boston Tea Party during our Colonial period.

I wish to submit with my remarks a recent editorial from the St. Paul, Minn., Dispatch on the present tax crisis throughout the country:

#### TAX REFORM PROMISES

If the Nixon Administration fails to submit an extensive federal tax reform program to Congress in the near future, it appears that Democrats will seize the opportunity to push for major changes and take the political credit.

Chairman Wilbur Mills of the House Ways and Means Committee announced that it will start drafting a sweeping revision bill in about two weeks even if no recommendations are received from the Treasury Department or the White House. Previously the report had been that action would await Administration proposals.

"I'm dead serious about this," said Mills.

Several other members of the committee also promise action. Apparently tax gripes from constituents back home have been having an effect. John W. Byrnes of Wisconsin, senior Republican on the Ways and Means Committee, is supporting the Mills program for more than token reforms.

Byrnes lists the oil depletion allowance, accelerated depreciation of real estate investments and stricter rules for foundations as probable targets for committee action. Mills has mentioned tax advantages involved in conglomerate mergers, foundation levies and increases in standard deductions for individuals.

Rep. Ray Madden, ranking Democrat on the House Rules Committee, threatens to support an "open rule" for tax legislation if the Mills group "doesn't come up with a good, honest sincere bill." An open rule would mean that the Ways and Means bill would be subject to amendments on the House floor, something not usually permitted. Madden also is demanding a crackdown on foundations and on depletion allowances for oil and other "extraction" industries.

For the past several weeks the Ways and Means Committee has been hearing testimony from groups which generally oppose drastic revisions and want present preferences to continue. The fact that Mills and other influential congressmen continue to promise substantial reforms regardless of this opposition may indicate that this session of Congress may yet produce meaningful and long overdue revisions.

#### TAX REFORMS NEEDED

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

Mr. FASCELL. Mr. Speaker, tomorrow, April 15, is the deadline for most American taxpayers to file and pay the Federal income taxes on last year's income. Because of the complexities of our tax laws, there is growing discontent among our taxpayers over the time, effort, and expense which must be expended in complying with the law and completing the returns. Moreover, many feel that their tax burden is disproportionate to that which is borne by others. I have recommendations which I am bringing to the attention of the House Ways and Means Committee during its milestone hearings on tax reform. Simplification and equity are the goals to which we should address ourselves.

As chairman of the Legal and Monetary Affairs Subcommittee of the House Committee on Government Operations, I have, on previous occasions, spoken and conducted studies on the need to simplify our tax forms and thus ease the burdens of compliance of millions of American taxpayers. What has become increasingly obvious is that the complexity of our tax forms results from the complexity of our tax laws. Most of our tax provisions are the end products of compromise and intensive give and take in the legislative process. Thus the controversial nature of these tax provisions gives rise to intricately drawn regulations and complex forms. In essence, form is so intertwined with substance that a simplification or reform of one cannot be achieved without simplification or reform of the other.

This is not to say that we should seek simplicity for the sake of simplicity. The interminable series of complex formulas which confront our taxpayers each year,

the recent proliferation of corner "tax consulting" offices promising completion of returns from \$3 and up, and the number of returns submitted to taxpayers for recomputation all prove that our tax laws, regulations, and forms are ripe for overhaul.

It has been 15 years since the last overall review of our Tax Code, and, in some cases, more than twice that long since some of the preferential provisions of the code were thoroughly scrutinized to determine if their continued existence is justified in the light of equity, fairness, and economic needs.

For this reason, in particular, I applaud the Committee on Ways and Means for initiating hearings on tax reform.

Our deliberations on tax reform, Mr. Speaker, should be based on the following premises each of which, independently, makes a strong case for a thorough restructuring of our tax system:

First. Based on available evidence, which indicates that many of our tax provisions are being used solely for tax avoidance and shelter, it can be said that the present Federal tax structure does not meet objectives of fairness, simplicity, and equity.

Second. Our State and local governments, being pressed almost to the breaking point by demands on their resources, are losing the race in competition with the Federal Government for available revenues with which to fund their expanded activities.

Third. The absence of equity in our tax laws causes detrimental misallocation of investment resources because of greater consideration of tax consequences than of overall economic well-being.

Fourth. The achievement of tax equity, in itself, will not necessarily result in tax reduction for a significant number of our taxpayers. This point should be made very clear at the outset.

Fifth. There is continually mounting evidence of growing discontent among American taxpayers generally. The plight of school districts around the country resulting from the failure of local residents to approve increases in local taxation and the recent warning by former Treasury Secretary Joseph Barr of a possible taxpayers' revolt should not be taken lightly.

These are some of the major considerations which must guide us in our tax reform deliberations during the 91st Congress.

Prior to discussing the proposals that I urge, a word needs to be said about the personal exemption allowance. Many suggestions have been made to increase the ceiling on that provision from its present level of \$600. It is true that that figure bears no relationship to the amount required for the sustenance of a dependent. But it does represent a significant measure of tax relief to taxpayers at every income level.

The severe revenue loss which would result from an increase in the allowance, however, represents a severe drawback to a higher ceiling. It is estimated that the Treasury would suffer a revenue loss of more than \$17 billion, or almost 10 percent of the entire Federal budget, if this allowance were increased to \$1,200.

Therefore, Mr. Speaker, I favor a

reasonable increase in the ceiling on the personal exemption but the revenue loss which would result should be offset by revenue gains to be made either from new tax sources or from alteration of other provisions.

There are other measures, Mr. Speaker, which may be adopted now without severe impact on revenue flow. The suggestions that I strongly recommend should be a part of any reform package and their adoption will be a meaningful step toward the achievement of equity for taxpayers at every income level. In addition, they would lighten the burdens of compliance on millions of our taxpayers and facilitate the auditing chores of the IRS.

First among these is alteration of the minimum standard deduction. It is commonly admitted that the minimum standard deduction is the most equitable and efficient method available of directing tax relief to persons in the lowest income ranges. Currently, the allowable minimum deduction is \$200 plus an additional \$100 for each exemption subject to a ceiling of \$1,000. This allowance is out of line with today's cost of living, and persons with incomes of less than \$7,500 are sometimes forced to itemize their deductions or pay taxes in higher proportions than their higher earning fellow citizens. This is because the minimum standard deduction currently fails to perform the role for which it was intended.

By increasing the minimum standard deduction to \$600 plus \$100 for each exemption with a ceiling of \$1,000, 88 percent of the resulting benefits would accrue to persons earning under \$7,500. Additionally, the increased minimum standard deduction would grant relatively more tax relief to single persons than to other taxpayers by increasing the income levels at which single persons are taxable.

By increasing the minimum standard deduction, we would not only lighten the tax burdens of those in the lowest income brackets, but also enhance their capacity to better provide for their own subsistence.

The second item that I wish to emphasize is a modernized general standard deduction. In 1944, 82 percent of all individual taxpayers used the standard deduction instead of itemizing. This year, it is estimated that only 57 percent of our taxpayers will use it. The effect of this diminution in the use of the standard deduction has been to put greater auditing pressures on the IRS and cause millions of taxpayers to undertake the task of computing their deductions—needlessly I believe. This increase in the number of itemized returns results from the higher income levels which now prevail and the higher proportion of personal deductions relating to income as compared to 1944.

The Treasury Department study on tax reform recommends that the standard deduction be adjusted upward so as to once again enable 80 percent of our individual taxpayers to utilize that provision. Many other experts in tax matters have stated that the goal should be 90 percent of all individual taxpayers.

Whatever percentage is ultimately at-

tained, I think few will disagree that the current figure of 57 percent imposes severe administrative burdens on the IRS and imposes an otherwise unnecessary task of deduction computation on 18 million taxpayers who would forgo that chore if the standard deduction were raised to meet current living costs.

The Treasury Department has said:

The standard deduction is one of the most helpful and desirable features of our tax system for combining simplification and equity . . . It reduces the auditing problems of the Government and makes an important contribution to the orderly and uniform operation of the tax system.

Very few, if any, of the Treasury proposals make such a strong case for adoption, and thus I urge that the general standard deduction be adjusted upward to 14 percent of adjusted gross income with a ceiling of \$1,800.

The principal beneficiaries of such a provision would be the 24 million taxpayers with incomes between \$5,000 and \$15,000 who currently itemize their deductions. Under the proposed standard deduction ceiling, 13 million of their number would change to use of the standard deduction provision instead of itemizing. More importantly, it would effect greater equity between taxpayers in this group who are able to itemize their personal deductions and those who are not able to do so.

The third provision which I especially support is the minimum individual income tax. It was once said that our tax system "is a continuing struggle among contending interests for the privilege of paying the least."

The combined use of certain preferential tax provisions has enabled some of our taxpayers to escape most, if not all, of their responsibility to contribute a fair share toward the cost of Government, and this has given credence to that remark.

In turn, greater burdens have been put on those in lower income brackets who are not able to take advantage of the preferential provisions.

Most of these provisions were enacted for the purpose of meeting some sound social or economic objective. No doubt many could stand revision. But whatever their treatment, it should be a policy of our tax law that no one with income above a certain level should be completely exempt from taxation.

Therefore, I urge that our tax structure include a mandatory graduated minimum income tax that would assure that all individuals contribute at least a minimal share to the cost of the Government.

Public respect for our tax laws is the foundation of the tax system and its successful administration. By enacting a minimum income tax, we would take an important step toward halting erosion of that respect. This is an important indirect benefit of the minimum tax that I propose.

Next among my recommendations, Mr. Speaker, is the need to give tax relief to our senior citizens and to ease their tax computation chores. Of the more than 20 million Americans over the age of 65, approximately 25 percent

of them currently pay Federal income tax. During the past three decades, many provisions have been enacted to afford tax relief to the elderly. And yet, despite our best intentions, the situation now exists where many of our senior citizens are at a severe disadvantage if they choose to work to supplement their governmental retirement benefits.

In addition, the complex rules involved in computing retirement income credit have resulted in misunderstandings on the part of the elderly and caused many of them to lose benefits to which they would otherwise be entitled.

Therefore, I propose that we supplant the various tax benefits and credits now available to the elderly with a liberal exemption in the amount of \$2,500 for a single person and \$4,200 for married couples. To channel the major benefits of this proposal to those senior citizens most in need of tax relief, I believe we should set a reasonable income level at which the allowable exemptions would begin to phase out. Such a level may be set at \$7,000 for a single person and \$12,000 for a married couple.

Adoption of this proposal would lower the tax burdens of almost 80 percent of our senior citizens and would greatly simplify the forms and procedures with which they must comply.

Finally, Mr. Speaker, in order to improve income tax equity at the higher brackets, I propose that we include in our tax structure an optional maximum tax. In our deliberations, we should not only consider those who pay too little tax in relation to others, but also those who pay too much. Approximately 30 percent of all those with incomes exceeding \$500,000 pay more than 50 percent of their actual income in taxes. The remaining 70 percent pay taxes at a rate which is often substantially below 50 percent.

If we are to be consistent and our goal is fairness among taxpayers with like incomes, then it should be a policy of our tax law to extract no more than half of a person's income in taxes.

These are the provisions that I especially recommend.

I have made no specific mention of corporate, estate, or gift tax matters, although I hope serious consideration will also be given to alteration of provisions which have given rise to abuses and undue complexities in those areas. Much can be said for unification of the estate and gift tax laws, and few will deny that, in the area of corporate taxes, the provisions dealing with mineral depletion allowances and multiple surtax exemptions, to name just two, could stand modification.

Nor should other provisions dealing with individual taxes, such as the unlimited charitable deduction and the farm tax rules, be exempt from possible overhaul.

In essence, Mr. Speaker, what is really needed is a fundamental, rather than a patchwork, restructuring of our tax laws, because they are so related to the traditional goals of our tax laws, the items I have just highlighted should be a part of any final package.

#### THE 24TH ANNIVERSARY OF AUSCHWITZ—A CONCENTRATION CAMP OF NAZI BRUTALITY WHICH SHALL LIVE IN INFAMY

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

Mr. PUCINSKI. Mr. Speaker, today marks the 24th anniversary commemorating the liberation of victims of Auschwitz Concentration Camp where over 6 million people perished.

I would like to take the opportunity to read in part a letter from one of the survivors of Auschwitz, which in a way reflects the spirit and substance of this occasion. It was written by Mr. Allen Kiron, who is now employed by the U.S. Patent Office.

I ask only of you to listen for a few moments to those whose suffering was eternal.

I ask only of you to share a quiet thought of mourning for those whose piercing cries of agony never reached the halls of justice.

I ask only of you to remember the words of George Santayana:

Those who forget the past are condemned to repeat it.

My friends, a memorial by definition is "anything intended to preserve the memory of a person or an event."

We are faced with a titanic task not only because there are 6 million dead involved, but because of the "event"; the brutality and suffering; the silence of free men when the cries of agony of helpless children and adults were piercing the heavens; the blind fury and madness of a professed cultured society; man's bestiality against man.

Mr. Kiron states:

If I had the power, I would take the human race by the hand to show it what I and others suffered in concentration camps.

As a start, we could enter Auschwitz and see how an SS-man takes a child from a bewildered mother and by grabbing its feet and swinging it against the wall, crushes its head, or the crematorium where a pregnant woman burns and her belly literally pops open with the child falling to the side, or the starved prisoner killing a weaker one so as to cut him open and eat his liver, or the SS amusement center where a son is forced to keep his father's head under water until he drowns his own father, the son goes berserk and is shot; or the little boy bleeding from the head walks towards the gas chamber and cries "I want to die, it can't be worse over there".

This shows you how difficult it will be to commemorate the event. But commemorate we must. He continues:

For myself I am a soldier in an army of six million officers whose command—"do not forget us"—I must obey. To this end I have been slowly and painfully collecting a library for a "Living Museum" which some day I hope to build and will now briefly describe.

It is my intention to build a museum which will make it possible for visitors to see, feel, smell and vicariously suffer the horrors as they occurred. Thanks to the miracle of modern science, a great deal of simulation is feasible. It will be a challenge and duty of every adult in the world to see it once in his lifetime.

One of the problems we are faced with is the frailty of human memory. The secret

of a good memory depends upon the impression a subject makes on the mind. Because man forgets easily, a monument will not do. A shocking experience will. I intend to provide nothing less.

A monument too often is lost in the abstract and contemplation of beauty. Pain and suffering are real and ugly. Most important of all, people must remember.

Just how important this is can be seen in the unfortunate emergence of a new Nazi Party in Germany and the same old cycle of organized hypocrisy and lies.

Just the other day you could see this small but vociferous group offering their newspaper propaganda on the street corner with such headlines as "6 million dead is a big lie", "gas chambers is a Jewish invention", etc.

Do you see how quickly people forget?

You ask how am I going to build the museum. I do not want any monetary donations. I want everyone interested to help build a museum with his own sweat and blood. I want everyone able bodied to carry a brick, a sack of sand or a bundle of wood on his back. The sick and the old can keep records. The honor roll will not read how many dollars were contributed, but in terms of hours of labor spent, weight carried, injuries sustained and sacrifices endured.

Remember, we are not only building a memorial but a monument to our own freedom and democracy. Surely no one will doubt that. Whatever sacrifice we must make for our freedom to endure we shall endure it freely.

You ask me how long will it take? Well, maybe a year, a lifetime or an eternity.

Remember the echo of the last whimpering cry of a child burning alive is eternal also.

Finally, can you hear the echoes?

Will you remember?

ALLAN KIRON,  
*Survivor of Auschwitz.*

Mr. Speaker, in the name of humanity, we can do no less than remember. I hope all people with a conscience will pause today to reflect on man's brutality toward his fellow man. The 24th anniversary of Auschwitz gives us cause for such a pause.

#### CARDINAL O'BOYLE'S HOMILY ON THE LATE PRESIDENT DWIGHT D. EISENHOWER

(Mr. McCORMACK (at the request of Mr. ALBERT) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. McCORMACK. Mr. Speaker, on March 31, 1969, at St. Matthew's Cathedral in Washington, D.C., a mass for peace was celebrated as a tribute to the late President Dwight David Eisenhower.

At the mass, His Eminence Patrick Cardinal O'Boyle, archbishop of Washington, delivered a homily as a tribute to our late, beloved President, the text of which homily I herewith include in my remarks:

#### CARDINAL'S HOMILY AT MASS FOR PEACE

My dearly beloved friends in Christ, we have met together many times in this beautiful old cathedral. We have met in joy and in stark tragedy. We have prayed for peace and unity among our people, and have asked the guidance of Almighty God for those to whom we have delegated the awesome responsibility of governing this great nation.

Today, although our hearts are saddened by the passing of a beloved figure from our midst, we meet with a certain sense of ful-

fillment. For although General Eisenhower would be the last to claim personal credit for the progress achieved in the years over which he presided, his footsteps on the beachhead of human progress are sharp and deep.

General Eisenhower served his country well in many fields—as soldier, author, educator, chief executive and world statesman. Yet although he commanded the greatest military force in history, it was his accomplishments in pursuit of world peace that gave him the greatest satisfaction. He quickly perceived that the world would never find lasting peace and tranquility as long as the nuclear bomb hung like a Sword of Damocles over the head of mankind. This led to development of the "Atoms for Peace" program which President Eisenhower presented in person to the United Nations.

General Eisenhower's outgoing temperament made it easy for him to perceive both the impossibility of isolation in an expanding world and the benefits of free intercourse between nations.

By every measurement of inclination and training General Eisenhower fitted perfectly into this mold. He was the right man in the right place at the right time, and the country showed its confidence by giving him two resounding victories at the polls.

The former President's critics have argued that he sought to stay "above politics," and that no man can do that in a democracy and govern effectively. Perhaps. But the record will show that an American general successfully put together a complex striking force manned by professionals from half a dozen countries, and led them to victory.

Dwight Eisenhower was able to accomplish this military miracle because he had learned the secret of getting people to work together. He was marked for greatness even then. And try as he might to escape his destiny, the Normandy beachhead led inexorably to the White House.

In these informal recollections of a great and popular figure, I have left to the last one facet of his character that would clearly set him apart in any age. Perhaps President Nixon said it best in a tribute to his former chief shortly after his death.

"For a quarter of a century," the President said, "he spoke with a moral authority seldom equaled in American public life. This was not only because he held the nation's highest honors . . . but because of the kind of man he was."

It was true. People sensed in Dwight Eisenhower a rock of integrity that inspired not only confidence but affection. Through his humility, his dignity and his unselfish willingness to spend himself on any task that might benefit the land he loved, General Eisenhower richly earned the love and respect of his countrymen. May God rest his brave and noble soul.

In the April 3, 1969, issue of the Catholic Standard, the official newspaper of the archdiocese of Washington, appeared an editorial entitled, "Dwight David Eisenhower," which I also include in my remarks."

#### DWIGHT DAVID EISENHOWER

The death of General of the Army Dwight D. Eisenhower marks the passing of an era in the history of this country. He served as the key military leader of our armed forces and later as a two-term President of the United States when our nation reached its highest point of world political and moral leadership.

Although he was not the prime architect of the grand strategy that led to final victory in World War II or of the policies that pledged our nation to serve the world community, it was his unique talent that molded

the essential ingredients into the harmonious effort necessary for success. It was a period when this nation, although a victorious world power, neither demanded nor acquired a single foot of alien territory from either friend or foe. On the contrary, this nation both instituted and supported the national aspirations of any number of emerging new nations in direct contrast to the actions of the Soviet Union and other Communist-controlled countries.

It is a matter of historical record that Gen. Eisenhower played a profound, even though at times a somewhat intangible, role in determining the future courses of this country. His ability to persuade the brilliant and sometimes domineering men with whom he was called upon to associate to put aside their diffuse interests for common causes resulted in the achievement of many successes which otherwise would have been unattainable. He was a truly remarkable man and a dedicated patriot.

There is little that we can add to the accolades he has received from the nation and the world. We can only urge all men of good will to work toward the accomplishment of the same spirit of harmony that he so richly prized and was so effective in achieving. This could be our greatest tribute to him, and the one he would cherish above all else.

We join with our fellow Americans and men of good will throughout the world in asking God's mercy for a great American—Dwight David Eisenhower.

#### CLOSING OF JOB CORPS CENTERS

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

Mr. OLSEN. Mr. Speaker, last Friday the Nixon administration announced its intention to close 50 Job Corps centers throughout the Nation and its plans to replace them with urban residential manpower centers.

I am greatly disturbed that the administration has decided to close these valuable educational facilities in rural areas by July 1, replacing them with smaller installations in the crowded cities. I am puzzled by the administration's decision to close all but one of the Indian Job Corps centers in the country.

It seems to me that one of the results of this decision will be to hasten the migration of rural people into the already crowded cities. One of the primary goals of the Job Corps—to train rural people in rural areas—will be frustrated. Further, I am convinced that no realistic substitute plan can be formulated before the effective date of the discontinuance.

It is significant, I believe, that only eight of the urban minitraining centers proposed by President Nixon are located in States west of the Mississippi and only one—Portland, Oreg.—is located in the entire Northwest.

Mr. Speaker, correspondence and telegrams protesting the administration's decision are beginning to pour into my office. I know from my discussions with many of our colleagues that support for these centers is widespread.

I insert a sampling of telegrams I received today in the RECORD. Here are the views of the people who have seen these centers firsthand and appreciate their value:

HELENA, MONT.,  
April 11, 1969.

Representative ARNOLD OLSEN,  
Washington, D.C.:

I have just dispatched following to the President:

"Hon. RICHARD M. NIXON,  
"President of the United States,  
"White House,  
"Washington, D.C.:

"I am greatly disturbed at the announcement to close the Kicking Horse Job Corps Center and respectfully request reconsideration of the proposed action.

"The Kicking Horse facility has processed 1300 enrollees since the program was first implemented four years ago. Approximately 75 per cent of graduates have been gainfully employed. Annual operating cost is estimated at \$250,000, yet appraised value of completed conservation and public works projects is \$500,000. Personnel and enrollees have been awarded one of the three national citations for excellence of service. A variety of important community services have been provided, including a community center in nearby Ronan, Montana; a city park in St. Ignatius; and curbing and street layout for new home-site in Arlee.

"I am anxious to improve Federal-State relations but have been extremely disappointed that the chief executive of Montana was not consulted nor were members of Montana's congressional delegation. The impact of this proposed closure on the nearby communities and the loss to our disadvantaged young people has not been fully calculated.

"I urge you to direct a thorough re-evaluation of the Kicking Horse facility before implementing the decision to close the operation."

HON. FORREST H. ANDERSON,  
Governor of the State of Montana.

HELENA, MONT.,  
April 11, 1969.

Congressman ARNOLD OLSEN,  
Old House Office Building,  
Washington, D.C.:

The announcement by the Nixon administration to close Job Corps centers was unfortunate, not because it affects Montana, but because it affects so many young folks who were getting a new lease on life because they were becoming productive citizens. It is shocking that the Nixon administration can endorse a weapon system named ABM that will cost billions of dollars that is of debatable use, while at the same time eliminating a necessary program that provides human dignity. Do all possible to defeat the weapon systems and maintain Job Corps.

JOE REBER,  
Senator, Lewis and Clark County.

RONAN, MONT.,  
April 10, 1969.

Representative ARNOLD OLSEN,  
Washington, D.C.:

Shocked, surprised, dismayed that our Kicking Horse Job Corp Camp is under consideration for closure. The camp, its personnel, its enrollees have consistently been good, well behaved, and constructive citizens of our community. It seems a shame to stop something that is doing so good. We strongly urge continuation of this camp and ask your help.

Ronan Chamber of Commerce, Ray M. Loman, President; Mayor Norman Stedje, City of Ronan; Pat Harvin, Past President Chamber of Commerce; Don Aadson, Past President Chamber of Commerce; A. I. Schroeder, President, Ronan Ministerial Administration; K. William Harvey, Superintendent, Ronan Schools.

POPLAR, MONT.,  
April 10, 1969.

Congressman ARNOLD OLSEN,  
House Office Building,  
Washington, D.C.:

We oppose closing of Kicking Horse Job Corps Camp on Flathead Reservation. We ask your assistance to continue the camp for the benefit of all concerned.

WILLIAM YUPEE,  
Chairman, Montana Intertribal  
Policy Board.

REPEAL OF FEDERAL PAY RAISE  
FOR MEMBERS OF CONGRESS,  
JUDGES

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

Mr. SNYDER. Mr. Speaker, on February 26, 1969, I introduced H.R. 7778, a bill "to rescind the pay increases for Members of Congress and other Federal officials pursuant to Presidential recommendation to Congress in the budget for the 1970 fiscal year, to abolish the quadrennial Commission on Executive, Legislative, and Judicial Salaries, and for other purposes." Since that time there have been other identical and similar bills proposed.

Now, Mr. Speaker, my opposition to the pay increases for Cabinet members, judges, Members of Congress, and so forth, has nothing to do with the "worth" of the services of these people. As a matter of fact, my personal opinion is that the vast majority are worth the money and could earn as much or more in the private economy today.

It is the duty of Congress, as well as the executive, to set the fiscal affairs of this country in order. To do this, Congress should set the right example for all Government and for the private sector as well. The inflationary impact of the implementation of the increases of the Kappel Commission—as amended by President Johnson—is obvious. Already other Government employees who have built-in pay raises for July of this year are complaining that "it is not enough" even with the recent increases already received by them. It certainly takes no genius to anticipate labor's attitude toward the Government guidelines of a 4- to 5-percent increase when they negotiate. Any union leader worth his salt will rely on Government's own action as the answer to Government's recommendation.

Now, the Senate went on record on this pay increase and approved it. There is reason to believe that several Members of that body have had second thoughts. I do not know. I would like to find out—and there is a way. Let us pass H.R. 7778 in the House and send it over to them.

The House was not permitted to vote. The American people have a right to know where House Members stand. Whether you—as Members—are "for" or "opposed" to the increases, you must agree that your constituents have a right to know where you stand.

Today, I have placed at the Clerk's

desk a discharge petition for H.R. 7778. If you are willing for your constituents to know where you stand, you are invited to sign the petition.

As a part of my remarks, I include an article by Joe Creason which appeared in the April 5 edition of the Louisville Courier-Journal:

MORE ACTION, LESS TALK WOULD SEEM IN ORDER

(By Joe Creason)

Lately I notice that the days in the month and the money in the bank seldom come out even any more. And since we haven't gone on any wild spending sprees, the reason must be the ever-increasing attrition of inflation and taxes, not necessarily in that order.

Because of this, I find suddenly that I'm very short-tempered about what Congress has done—or has not done—to correct these matters on the federal level.

This is a change within myself that disturbs me since in the past I've been generally sympathetic to Congress. I've never been a great one for deriding officials who work for me. Rather, I've felt that, what with them eventually coming back and asking for my vote, in the end I—and my ilk—have the decisive last word.

But now I'm not as patient as before. I'm getting sick to my stomach of hearing Congress talk about tax reform and the need to correct inequities, economies in government, and the urgency of all of us fighting inflation with all our might and main.

I'm ready for Congress to stop talking (for the benefit of the folks back home) and start the remedies it prescribes. I—and others I have talked to all over Kentucky of late—no longer will fall for the vague promise of future tax reforms and economies; no longer do I find any solace in jokes about how a dime today is a dollar after taxes and inflation.

Moreover, I'm becoming resentful about Congress having what seems one set of standards for itself and another for the great mass of the unwashed—the public. A case in point is the 41 per cent pay increase Congress voted itself at the same time the government was urging unions, businesses and such to show restraint and hold the line against inflation by keeping pay increases and price hikes to 5 or 6 per cent.

It isn't that I doubt Congress was underpaid. But, then, who among us feels he isn't overworked and underpaid? My beef is that every member of that august body volunteered to serve—even begged us to let them serve—in Washington for the old pay scale, and I've never heard of one who applied for assistance from the poverty program after being elected.

If Patrick Henry thought taxation without representation was rough, I wonder what he'd say about how it is today with representation.

CONCERNING A WELFARE  
PROPOSAL

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

Mr. CONABLE. Mr. Speaker, at the request of Gov. Nelson Rockefeller, of New York, I have today introduced a bill to provide for a national system of public assistance to needy individuals and for grants to States for welfare service to such individuals and to strengthen the Federal support of the State medical assistance program. This bill has its roots

in the pressures developed by the patchwork welfare system that has grown like Topsy in some States and remained stunted in others without reference to the condition of its less fortunate residents. It is appropriate that New York State should take the lead in proposing such legislation, because New York not only is the largest Federal taxpaying State, but it also bears the heaviest burden of social welfare costs in the Nation.

The Governor tells me that much research and practical experience has gone into the drafting of this bill, and it is my hope that it will receive the study that such a major provision deserves at a time when public cash benefits and medical assistance are causing the costs of local and State government to skyrocket. A rational policy of public assistance should be nationwide in its scope, and the burden of misfortune should be more equally shared than it is under random systems of welfare which this Nation has permitted to develop.

Mr. Speaker, I am including in the RECORD at this point a summary of the provisions of this bill, in the hope that it will receive the study and consideration not only of my colleagues from the State of New York, but also from the Nation as a whole. Time is running out, and this 91st Congress must assume some responsibility for rationalizing the system of welfare. I trust this proposal will stimulate action toward that objective.

The summary follows:

#### A COMPREHENSIVE BLOCK GRANT WELFARE PROGRAM

##### A. OBJECTIVES

The objectives of this proposal are to: decrease the unfair disparity between welfare benefits in different states; provide more adequate assistance and services to individuals and families; improve and expand efforts to help individuals become self-supporting; and reduce the financial burden of welfare costs on the states and localities thereby enabling the states to utilize their fiscal resources more effectively for improvement of other public services.

This proposal would provide for—

A national system of public assistance to needy individuals to become effective after a transitional period;

Increased Federal funds for state public assistance programs during the transitional period;

Federal grants to states for services to needy individuals;

Strengthened Federal support of the state medical assistance programs.

##### B. PUBLIC ASSISTANCE PROGRAM

1. New Title XX of the Social Security Act: Establish a new title in the Social Security Act (Title XX) which would provide Federal funds for a block grant for all needy welfare cases including all five categories: aged, blind, disabled, dependent children, and general assistance, effective July 1, 1969, along the lines of the plan provisions in the existing categories.

2. Optional Feature: The new title would be optional with the states. The four existing Federal titles (aged, blind, disabled, and dependent children) would continue for any states which wished to take advantage of them. One advantage of the new block grant is that states would receive Federal funds for general assistance.

3. Federal Financial Share: In order to raise payment levels in low-payment states, and to assist states in meeting the increasing financial burden of mounting welfare costs, effective July 1, 1969, the Federal finan-

cial share under the new Title XX would be as follows:

(A) Dependent children: 100% of first \$30 per month plus 50% of next \$40.

(B) Aged: 100% of first \$50 per month plus 50% of next \$40.

(C) Blind and disabled: 100% of first \$65 per month, 50% of next \$40.

(D) General assistance: 50% of first \$80 per month.

In the fiscal years 1971 and 1972 the Federal funds would be increased in proportion to the increases in the minimum state budgetary standards for those years as required in (B) and (C) of paragraph 4.

##### 4. Federal Eligibility Conditions:

A. In order to raise low-payment levels to qualify for new block welfare grant, each state's minimum budgetary standard of need (that is, the amount to be paid to a person without any resources) would have to be at least as follows: Children, \$40 per month; aged, \$65 per month; blind and disabled, \$90 per month; general assistance, \$40 per month.

B. For the fiscal year 1971, the minimum state budgetary standard would have to be at least 115% of that in paragraph (A) but it could be at the poverty level (as adjusted by the 15% factor in paragraph 5) or at a state's 1969 standard whichever is higher.

C. For the fiscal year 1972, the minimum state budgetary standard would have to be at least 130% of that in paragraph (A) but it could be at the poverty level (as adjusted by the 15% factor in paragraph 5) or at the state's 1969 standard whichever is higher.

D. For the fiscal year 1973, when the Federal Government takes over 100% payment of costs, the eligibility standard would be 100% of the poverty level.

5. Definition of Poverty Level: The poverty level would be established by the Secretary of Health, Education and Welfare upon the recommendation of the Commissioner of Social Security based upon the poverty level for families of given size and composition and for farm and non-farm families as published in the Social Security Bulletin for April 1966, page 23, for March 1965 adjusted annually for changes in the price level.

In 1966 the Social Security Administration poverty level for a man age 65 and over, who was living in a non-farm residence, was \$1580 and \$1975 for a couple. For a non-farm family of four members it was \$3335. The poverty level range was from \$1090 for an aged woman living in a farm residence to \$5430 for an urban family with seven or more members.

The standard could vary by not more than 15% upward or downward upon a showing that such variation was based upon differences in costs of living (such as heat or rent).

6. Minimum Federal Payment: Notwithstanding the provisions of paragraph 3, in no case would the Federal financial share in fiscal years 1971 and 1972 for each state be less than 75% of the State's total expenditures for these years. Any expenditures in excess of the poverty level as adjusted by the 15% factor in paragraph 5 would not be counted in determining the Federal financial payment under this paragraph, unless as of January 1, 1969 the level of payment in a state was higher than the poverty level as adjusted by the 15% factor in paragraph 5, in which case such expenditures would be counted in determining the Federal financial payment.

7. Work Incentives: As an incentive to obtain and retain employment, an individual on welfare could retain earnings up to \$75 a month and one-third of any additional earnings up to a maximum of one-third more than the public assistance standard for such individual or family.

##### 8. Administration:

A. Effective July 1, 1972, the Federal Government would accept responsibility for the administration of the money payments for welfare. The Federal Government could utilize state agencies to administer the pro-

grams in any state where the Federal Government and the state had entered into agreement to administer the program in accordance with such standards now contained in the Federal welfare legislation. States could utilize city or county agencies to administer the program in accordance with such standards. The administration of the welfare programs by the states would operate similar to the way in which, at the present time, state agencies handle the determination of disability insurance benefits under the disability insurance provisions of the Social Security Act.

B. Federal matching for administration would be 75% in the fiscal years 1971 and 1972 and 100% thereafter.

C. The Federal Government would administer the work and training programs effective July 1, 1972, but could use States as their administrative agents as provided under paragraph (A).

##### C. SOCIAL AND OTHER NON-MEDICAL SERVICES TO NEEDY INDIVIDUALS

This section would require that those states participating in the new transitional program would be required to provide social and other non-medical services to all needy individuals. Those services are basically those for which the Federal government now provides 50%-75% reimbursement under the cash assistance programs.

States would be required to provide day care services adequate to meet the needs of those mothers who want to work.

Effective July 1, 1969, Federal financial reimbursement would be not less than 75% of state expenditures for non-medical services to needy individuals (including administrative expenses).

When the Federal government takes over the full cost of public assistance payments, all states would be required to provide these services or forego Federal reimbursement for Medicaid.

States would have the responsibility of providing and administering services. No change would be made in Part B, Title IV of the Social Security Act relating to child welfare services or Title V relating to child health.

##### D. MEDICAID (TITLE XIX)

Effective June 1, 1970 Federal financial participation for Medicaid would be no less than 75% of the state's total expenditures for Medicaid (including administrative expenditures).

Federal reimbursement could be available for expenditures for all needy individuals, including those receiving general assistance.

In addition, the eligibility level would be revised to provide that the maximum level could be 150% of the public assistance standard, including the new standards set forth in B.

##### E. MAINTENANCE OF EFFORT

Total expenditures (Federal, state and local) by a State for all money payments, vendor payments including Medicaid, and welfare services for each of the fiscal years 1970 through 1972, inclusive, must not be less than such total expenditures by a State for all such purposes for the fiscal year 1969.

#### RENAMING WASHINGTON AIRPORT IN HONOR OF FORMER PRESIDENT EISENHOWER

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

Mr. MYERS. Mr. Speaker, it is my honor to introduce today legislation which would rename Washington's National Airport in honor of former President Eisenhower. A great many of our

colleagues are joining with me as co-sponsors and I invite others to join us in this bipartisan tribute to the World War II hero and beloved 34th President of the United States.

The proposal would change the name of the airport to the Dwight David Eisenhower National Airport.

It is significant that National Airport began full operations in 1941 at a time when General Eisenhower began his meteoric rise to Supreme Allied Commander.

Because of his close association with the Nation's Capital, as military leader, President, and civilian, I feel it particularly appropriate that we name this facility in his memory, one which daily welcomes visitors from throughout the Nation and world.

More than 27,000 persons use National each day. In addition, millions of travelers from around the world have passed through the airport facilities. Renaming the airport in honor of General Eisenhower would serve as a constant reminder of this great leader who holds the affection and trust of a grateful Nation.

#### GRAINS AGREEMENT "EMPTY PROMISE" FOR FARMERS

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

Mr. FINDLEY. Mr. Speaker, the International Grains Agreement is full of empty promises, actually is harmful to American farmers, and should be terminated.

The treaty was sold to Congress and the wheat farmer as a sure way to higher income and better overseas markets.

Actually, the practical effect of the treaty was to give U.S. farmers access to world markets only if they paid a heavy export tax, a fee which the Department of Agriculture tried to sugarcoat by describing it as an inverse subsidy.

In arguing for the treaty 2 years ago John A. Schnittker, then Under Secretary of Agriculture, promised farmers the inverse subsidy would yield \$100 million a year in revenue, which would then be redistributed to farmers.

Actually, the export tax—let us call it like it is—will yield less than \$8 million when the first full year is over June 30. In terms of total overseas markets the American wheat farmer is having his worst year in a decade. The previous year, when farmers were encumbered by no market-rigging treaty whatever, farmers had their third best export year in history.

Under the circumstances, Secretary of State Rogers should take the first steps required for the United States to withdraw from the treaty at the end of this current crop year.

Farmers are having a tough enough time making ends meet, without the added handicap of a wheat treaty that hurts us and helps our overseas competitors.

The treaty gives special advantage to French, Swedish, Greek, and Spanish wheats; and to Australian and Argentine

wheats by means of incomplete quality description. Further, major exporters like the Soviet Union, Romania, and Bulgaria did not sign the treaty.

I have written as follows to Secretary of State Rogers, in regard to the treaty:

DEAR SECRETARY ROGERS: Since we began the International Grains Arrangements last July 1, the U.S. is having its poorest wheat export year in the past decade. At the same time the U.S. Department of Agriculture is projecting increased wheat exports over last year for Australia, France, and Canada. It's understandable why these countries want the treaty preserved.

In studying the testimony given both in support and opposition to the Senate ratification of this grain treaty last spring, and recently the expert analysis of the workings of the treaty printed in March 20 Congressional Record, I have come to the conclusion that the arrangement is structured and geared to the consistent disadvantage of the U.S. in world wheat trade. The minimum prices for most U.S. wheat are set so high that for the first time in our history, an export tax is levied on wheat in order to comply with the treaty. This export tax—euphemistically called an inverse subsidy—has been most heavy on Soft Red Winter wheat which is commonly produced in my state of Illinois, and the export of Soft Red Winter wheat this year is running less than one-third the level for the same eight month period last year.

The basing point for applying minimum prices under the treaty was set at our U.S. gulf ports from which we export most of our wheat. This has turned out to be a particularly crippling handicap for our exports. This is so because other exporting countries enjoy all the greater competitive flexibilities that accompany the ocean freight calculations in reference to a basing point that is distant from their port of export. Also, the relationships between minimum prices on wheat from different origins, spelled out in the IGA, give additional advantage to French, Swedish, Greek, and Spanish wheats by special treatment; and to Australian and Argentine wheats by incomplete quality descriptions.

Finally, the Soviet Union, Romania, and Bulgaria did not sign the treaty. There appears to be mounting evidence that the high minimum prices specified in the treaty are stimulating wheat production in these countries as well as all over the world. But, because they do not belong they are consistently undercutting us, particularly throughout Western Europe and the Mediterranean area.

Because the IGA is proving itself in almost every conceivable way to be prejudicial to U.S. wheat exports, I respectfully request your department to initiate immediately those steps provided for in Article 21 of the Wheat Trade Convention of the treaty that would get us out of this agreement by the end of this current crop year. It is noteworthy that the marketing year 1967-68, during which no international agreement on wheat existed, U.S. farmers enjoyed their third best export year in history.

Sincerely,

PAUL FINDLEY.

#### REPRESENTATIVE LUJAN INTRODUCES BILL TO AMEND THE FEDERAL COMMUNICATIONS ACT TO GIVE PRIMARY CONSIDERATION TO THE NEEDS OF THE PUBLIC IN ALLOCATING RADIO AND TELEVISION FREQUENCIES

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

Mr. LUJAN. Mr. Speaker, today I am

introducing a bill to amend the Federal Communications Act of 1934 to insure that the Federal Communications Commission shall give primary and paramount consideration to the needs of the public when allocating radio and television frequencies. It is important that viewer and listener needs of the people of an area take precedence over the matter of fair competition between the various networks, as is now the case.

The practice of placing primary emphasis on the competition between the networks arises from a decision, American Broadcasting-Paramount Theaters against Federal Communications Commission, handed down by the court of appeals in Washington, D.C., and is not an administrative act of the FCC. The Supreme Court did not review the case, and the court of appeals did not point to any provision of the Communications Act, the rules of the FCC, or any legislative history to support its decision. The decision appears to be without judicial precedent and according to the FCC is contrary to decisions of the Supreme Court.

The FCC is now bound by the court of appeals decision, but it is my hope that the passage of this legislation would enable the FCC to rule on allocation matters on the basis of public interest rather than network competition.

Mr. Speaker, I believe that people are more important than networks, that the public interest would take precedence over any other, and I urge my colleagues to support this important measure.

#### LEGISLATURE OF THE STATE OF NEW MEXICO PASSES MEMORIAL REQUESTING ASSISTANCE OF THE U.S. GOVERNMENT IN BRINGING ABOUT LEGISLATION ELIMINATING ABUSE OF THE TAX LAWS PERTAINING TO AGRICULTURE

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

Mr. LUJAN. Mr. Speaker, the Legislature of the State of New Mexico recently passed Senate Joint Memorial 10 which asks the assistance of the U.S. Government in bringing about "legislation which eliminates abuse of the tax laws pertaining to agriculture."

I agree that the tax advantages intended to assist farmers and ranchers should remain in effect for legitimate farmers and ranchers, but closed to those who, without accepting the hard work and risks of farming, have been avoiding the payment of taxes on non-farm income.

At this time I would like to include Senate Joint Memorial 10 in the CONGRESSIONAL RECORD:

#### SENATE JOINT MEMORIAL 10

Joint memorial expressing the opposition of the Legislature of the State of New Mexico to Federal legislation which would, in trying to stop certain tax practices, destroy legitimate members of the business community

Whereas, efforts have been made by the department of the treasury to present legislation to congress, in an attempt to prevent the use of agricultural businesses as a tax-

avoidance technique, to prevent members of the legitimate agricultural community from using nonagricultural income to offset agricultural losses and thereby supplement agricultural income; and

Whereas, this would have the effect of driving some of the agricultural community out of business; and

Whereas, present proposals would have the effect of drying up existing sources of risk capital now available to the agricultural community; and

Whereas, present proposals would eliminate possible purchasers of agricultural land, and change current accounting procedures so as to impose ruinous taxes on legitimate members of the agricultural community; and

Whereas, there already exist, in the tax laws of the United States, numerous ways to eliminate the use of the "agricultural tax gimmick" by the tax-avoidance expert;

Now, therefore, be it resolved by the Legislature of the State of New Mexico that it is opposed to inhibiting the free flow of capital into and from the agricultural industry; and

Be it further resolved that the Legislature of the State of New Mexico requests that the members of the New Mexico Congressional Delegation work with the agricultural industry to bring about legislation which eliminates abuse without destroying the economic base of the agricultural industry.

E. LEE FRANCIS,

*President, New Mexico Senate.*

DAVID L. NORVELL,

*Speaker, House of Representatives.*

ADMINISTRATION LEGISLATIVE PROPOSALS, PLANS, AND PRIORITIES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 91-96)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee of the Whole House on the State of the Union and ordered to be printed:

*To the Congress of the United States:*

As the members of Congress know, I have had under consideration the question of whether to send to the Congress this year a message on the State of the Union. I have decided against doing so. However, to assist Congress in formulating its plans, I would like to indicate at this time some of the principal legislative proposals that I will be sending in the weeks immediately ahead, and to report on the development of Administration plans and priorities as they relate to domestic programs.

The first twelve weeks of the new Administration have been devoted intensively to the pursuit of peace abroad, and to the development of new structures and new programs for the pursuit of progress at home.

Peace has been the first priority. It concerns the future of civilization; and even in terms of our domestic needs themselves, what we are able to do will depend in large measure on the prospects for an early end to the war in Viet Nam.

At the same time, the first days of this Administration have afforded us a unique opportunity to study the nation's domestic problems in depth, and to overhaul and re-tool the complex machinery of the Executive Office.

A systematic review of domestic programs and policies has led to a series of

recommendations which I will begin sending to Congress this week. Among those recommendations will be:

—An increase in Social Security benefits, to take account of the rise in living costs.

—New measures to combat organized crime, and to crack down on racketeers, narcotics traffickers and peddlers of obscenity.

—A program of tax credits, designed to provide new incentives for the enlistment of additional private resources in meeting our urgent social needs.

—A program to increase the effectiveness of our national drive for equal employment opportunity.

—A comprehensive reorganization of the Post Office Department.

—A program for the District of Columbia, including home rule and Congressional representation.

—A start on sharing the revenues of the Federal government, so that other levels of government where revenue increases lag behind will not be caught in a constant fiscal crisis.

—A far-reaching new program for development of our airways and airports, and our mass transit systems.

—A comprehensive labor and manpower program, including job training and placement, improvements in unemployment insurance, and proposals to help guarantee the health and safety of workers.

—Reform of the tax structure. The burden of taxation is great enough without permitting the continuance of unfairness in the tax system. New legislation will be proposed to prevent several specific abuses this year, and plans will be set in motion for a comprehensive revision of our tax structure by 1970, the first since 1954.

The legislative proposals of the next few weeks are a beginning. They form part of a responsible approach to our goal of managing constructive change in America.

This is not law we seek in order to have it "on the books," but law that we need in action. It is designed, not to look appealing in the record, but to take effect in our lives.

It will be the goal of this Administration to propose only legislation that we know we can execute once it becomes law. We have deliberated long and hard on each of these measures, in order to be sure we could make it work. Merely making proposals takes only a typewriter; making workable proposals takes time. We have taken this time.

In other areas, where more time is needed, we will take more time. I urge the Congress to join with this Administration in this careful approach to the most fundamental issues confronting our country. Hasty action or a seeking after partisan advantage either by the Congress or Executive Branch can only be self-defeating and aggravate the very ills we seek to remedy.

For example, one area of deep concern to this Administration has to do with the most dependent constituency of all: the child under five. I have announced a commitment to the first five years of life

as one of the basic pledges of this Administration. Head Start was one promising idea for bettering the environment and nutrition of young children; there also are many others. We have already begun enlarging the scope of our commitment in this vital field, including the establishment of an Office of Child Development within the Department of Health, Education, and Welfare. We hope that this enlarging commitment will be accompanied by an enlarging of the base of knowledge on which we act. We are not beginning with "massive" programs that risk tripping over their own unreadiness. Rather, our proposals will include step-by-step plans, including careful projections of funding requirements. Equally important, though Federally supported, they will embrace a network of local programs that will enlist voluntary participation.

These legislative proposals are, of course, being prepared within the context of other Administration actions which bear on domestic program development.

On taking office, I could see that whether measured in terms of its ability to respond, to decide or to implement, the Executive Branch simply was not structured to meet the emerging needs of the 1970s. Therefore my first moves were organizational.

The National Security Council was revitalized. The Urban Affairs Council was created, so that the problems of our cities could be approached in the broader perspective they now require. A Cabinet Committee on Economic Policy was established, to bring greater coherence to the management of our Nation's economic prosperity. The system of Federal regional offices was reorganized so that for the first time, related agencies will have common regional headquarters and common regional boundaries. An Office of Inter-governmental Relations was set up, to smooth the coordination of Federal, State, and local efforts.

In specific operational areas, we removed postmasterships from politics, started an overhaul of the Office of Economic Opportunity and its programs, and streamlined the administration of the various manpower programs.

One purpose of this early emphasis on organizational activity was to get the decision-making process in order before moving to the major decisions.

At the same time, I sent more than 100 directives to the heads of the various departments and agencies, asking their carefully considered recommendations on a wide range of domestic policy issues. The budget was submitted to an intensive review, and throughout the administration we addressed ourselves to the critical question of priorities.

One priority that has emerged clearly and compellingly is that we must put a halt, swiftly, to the ruinous rise of inflationary pressures. The present inflationary surge, already in its fourth year, represents a national self-indulgence we cannot afford any longer. Unless we save the dollar, we will have nothing left with which to save our cities—or anything else. I have already outlined certain steps that will be required:

—Continuation of the monetary poli-

cies the Federal Reserve authorities are now pursuing.

- A reduction of fiscal year 1970 expenditures by \$4 billion below the best current estimate of the budget expenditures recommended by the last administration.
- Continuation of the income tax surcharge for another year.
- Postponing of the scheduled reductions in telephone and passenger car excise taxes.
- Enactment of user charges equal in revenue to those now in the budget.
- An increase in postal charges.

These steps are not pleasant medicine. Medicine to combat inflation is never pleasant. But we can no longer delay taking it.

Another priority is the control of crime. On January 31, I announced a detailed plan for combatting crime in the District of Columbia, recognizing that the Federal city should be made a model of law observance and law enforcement. The crime-control package soon to be submitted to Congress will make clear the Federal Government's commitment, nationwide, to assisting local authorities in protecting the lives, rights and property of their citizens.

An equally pressing priority is the entire complex of needs that we commonly group under the heading, "the problems of the cities"—but which in fact reach beyond the cities, and include the distresses of rural America as well.

Our policy review has strengthened my conviction that in approaching these problems, America needs a new direction—not a turning away from past goals, but a clear and determined turn toward new means of achieving those goals.

One example is hunger and malnutrition. The failure of past efforts to combat these problems has been made shockingly clear. Our new programs will be both vigorous and innovative.

Another example is welfare. Our studies have demonstrated that tinkering with the present welfare system is not enough. We need a complete re-appraisal and re-direction of programs which have aggravated the troubles they were meant to cure, perpetuating a dismal cycle of dependency from one generation to the next. Therefore, I will be submitting to Congress a program providing for the reform of the welfare system.

In the field of social legislation, we now have a hodge-podge of programs piled on programs, in which too often the pressure to perpetuate ill-conceived but established ones has denied needed resources to those that are new and more promising.

We have learned that too often government's delivery systems have failed: though Congress may pass a law, or the President may issue an order, the intended services never reach the intended recipients. Last week, for example, in announcing a \$200 million program for rebuilding riot-torn areas, I noted that after two, three and even four years nothing had been done, and cited this as evidence of the growing impotence of government. The crucial point here

is that whereas in the past, "leave it to the states" was sometimes a signal for inaction by design, now "leave it to Washington" has become too often a signal for inaction by default. We have to design systems that go beyond "commitment," and guarantee performance.

If there is one thing we know, it is that the Federal Government cannot solve all the nation's problems by itself; yet there has been an over-shift of jurisdiction and responsibility to the Federal Government. We must kindle a new partnership between government and people, and among the various levels of government.

Too often, Federal funds have been wasted or used unwisely—for example, by pouring them into direct grants, when more money could have been made available at less cost by the use of incentives to attract private funds.

The programs I will submit have been drawn with those principles in mind. Among their aims are:

- To supplement Federal funds with private funds, through the use of "seed money" devices such as tax credits and loan guarantees.
- To enlist the great, vital voluntary sector more fully, using the energies of those millions of Americans who are able and eager to help in combatting the nation's ills.
- To help rebuild state and local institutions, so that they both merit and gain a greater measure of confidence on the part of their own citizens.
- To streamline the administration of Federal programs, not only for efficiency and economy, but to improve the certainty of delivery and to cut away the clouds of confusion that now surround not only their operation, but often their purposes.
- To make maximum use of the new knowledge constantly being gained, as, for example, in our commitment to the first five years of life.

These programs will not carry extravagant promises. The American people have seen too many promises, too many false hopes raised, too much substitution of the easy slogan for the hard performance.

Neither will they carry large price-tags for the coming fiscal year. We must recognize, however, that in the long run progress will not come cheaply; and even though the urgency of controlling inflation dictates budget cuts in the short run, we must be prepared to increase substantially our dollar investment in America's future as soon as the resources become available.

This Administration will gladly trade the false excitement of fanfare for the abiding satisfaction of achievement. Consolidation, coordination and efficiency are not ends in themselves; they are necessary means of making America's government responsive to the legitimate demands for new departures.

Quietly, thoughtfully, but urgently, the members of this Administration have moved in these first few months to redirect the course of the nation. I am confident of the direction, and convinced that the time to take it has come.

RICHARD NIXON.

THE WHITE HOUSE, April 14, 1969.

#### PRESIDENT NIXON'S MESSAGE

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

Mr. GERALD R. FORD. Mr. Speaker, I invite the attention of every Member of this House to President Nixon's message spelling out the recommendations which now will begin flowing from the White House to the Congress.

This Presidential message is highly significant, for it points the Federal Government, and indeed the entire Nation, in new directions. It calls for new approaches to meet deep and persistent problems. It opens the door to a new national effort to improve the quality of life for all Americans—a partnership of the individual citizen, the local community, the private sector, business and industry, the States, and the Federal Government—all working together for the common good.

The new approaches will be laid out for Congress to examine and dissect, Mr. Speaker—a start on sharing Federal income tax revenue with the States and local units of government; a program of tax credits, using tax incentives to promote the achievement of social objectives.

The Nixon administration is moving, too, to meet our most challenging and difficult problems head on—through a crackdown on narcotics traffickers; through a program to promote equal employment opportunity more effectively; through a top-to-bottom reorganization of the Post Office Department; through new programs in air and mass transit travel; through expansion and improvements in job training and placement; and through reform of our tax structure.

For our senior citizens, struggling to make ends meet in the face of rising prices, we pledge a substantial increase in social security benefits. They have great need of help. We must meet that need.

Mr. Speaker, it is not important that these proposals did not begin moving from the White House to Capitol Hill until after Easter recess. The new administration, of necessity, concerned itself initially with review, reappraisal, and consolidation measures.

Mr. Speaker, President Nixon has outlined the initial scope of his legislative program. He has also moved to fight inflation with a new determination which I believe points toward success.

We have our work cut out for us, Mr. Speaker. It now is up to us to help move the Nation ahead.

#### PAN AMERICAN DAY

The SPEAKER. Pursuant to House Resolution 295, this day has been designated as Pan American Day.

The Chair recognizes the gentleman from Florida (Mr. FASCELL).

Mr. FASCELL. Mr. Speaker, I offer a resolution (H. Res. 360) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 360

Whereas April 14, 1969, marks the seventy-ninth anniversary of the Union of American Republics, now known as the Organization of American States;

Whereas the continued hemispheric solidarity is essential to the cause of progress and freedom for all citizens of this hemisphere; and

Whereas in unity there is real promise of accelerated progress in social and political reform and economic growth in the countries of our home hemisphere: Now, therefore, be it

*Resolved*, That in honor of the founding of the Pan American Union, the House of Representatives of the United States of America extends greetings to the other Republics of the Western Hemisphere and to all citizens of those Republics, with the fervent hope that new thresholds of good will, stability, and prosperity are being crossed.

The SPEAKER. The gentleman from Florida is recognized for 1 hour.

Mr. FASCELL. Mr. Speaker, today marks the 79th anniversary of the founding of the inter-American system of solidarity and cooperation, embodied in the Organization of American States.

On this occasion, it is my great privilege, as chairman of the Subcommittee on Inter-American Affairs, to offer the resolution which has just been read, extending the congratulations of the House of Representatives to our sister Republics of the Western Hemisphere.

These congratulations are also intended for the men and women who direct, administer and staff the instruments of hemispheric unity and cooperation—the Organization of American States, the Pan American Union, the Inter-American Development Bank, the Inter-American Defense Board, and other related institutions.

The vitality of those organizations, and the important contribution which they are making toward the solution of the urgent problems of this hemisphere, are due in large measure to the efforts and dedication of the people who work in them.

I also extend congratulations today, Mr. Speaker, to Rev. Joseph F. Thorning, who gave us the inspirational message in the opening prayer in the House of Representatives. Father Thorning is an outstanding religious leader who has set an American tradition, because for 25 years he has offered the opening prayer in the House of Representatives in commemoration of Pan American Day.

Father Thorning is also a renowned author. One of Dr. Thorning's books bears the title, "Miranda: World Citizen." It is the biography of Don Francisco de Miranda of Venezuela, the precursor of Latin American freedom and independence. The volume is one of the most popular and scientific ever published by the University of Florida Press. In fact, "Miranda: World Citizen" has gone through several editions and, in the words of many scholars in the field, is a perennial favorite.

Francisco de Miranda, it may be noted, did much to educate other leaders such as Simon Bolivar, "the great liberator," of Venezuela, Colombia, Ecuador, and Peru; Jose de San Martin, of Argentina, whose leadership helped to bring liberty to peoples in the southern regions of South America; and Bernardo O'Higgins of Chile, who is honored as the George Washington of his country.

It was Dr. Galo Plaza who, as President of Ecuador, wrote the introduction

to "Miranda: World Citizen," while the Honorable Sumner Welles, Under Secretary of State of the United States of America, wrote the preface.

Today I express our appreciation to Father Thorning—author, religious leader, and diplomat—for his leadership, his unflagging zeal and enthusiasm for the cause of freedom and inter-American solidarity and friendship.

I should also like, on this occasion, to extend our congratulations to Mr. Galo Plaza, the eminent and distinguished Secretary General of the Organization of American States, who is completing his first year in that important office.

He has our best wishes in the difficult and demanding tasks which confront him and the organization which he directs.

Mr. Speaker, on this historic occasion, our thoughts turn, perhaps inevitably, to the problems and challenges facing our Western Hemisphere.

Our attention should focus on Latin America's unique experiment in peaceful revolution—the Alliance for Progress—nearing the end of its first decade.

It is interesting to recall the disparate trends and developments which led to the birth of that undertaking—the falling commodity prices of the 1950's, the Soviet Union's awakening interest in the continent, the unsettling impact of the communication revolution on the expectations of the masses, the programs of change advanced by the forward-looking Latin American leaders, and the willingness of the United States to join in a cooperative effort to encourage such change and help make it possible.

This was, indeed, an unusual assortment of forces; but their convergence helped to set off a spark, an explosion, which—in its ultimate consequences—may bring about nothing short of a wholesale restructuring of the economic, social, and political organization of Latin America.

Is the Alliance moving in that direction? Although the evidence in support of this conclusion is spotty and at times contradictory, I believe that the verdict is "Yes."

The Subcommittee on Inter-American Affairs, which I have the honor to chair, has initiated a careful review of the goals and the performance of the Alliance for Progress.

In 2 weeks of open hearings, we began to explore where the Alliance has succeeded, and where it has thus far fallen short, in pursuing the goal of a better life for the millions of men, women, and children who inhabit the southern part of this hemisphere.

We went for our initial information to the technicians—the development specialists, aid administrators, agriculturalists, educators, trade experts, and others.

Our hearings are not yet finished and the record is still open. We will begin adding to it next week.

Nevertheless, one conclusion appears fully appropriate to this occasion:

Latin America's peaceful revolution is moving forward and gathering momentum, skill, and added capacity.

This, to me, is an encouraging development.

I would like to conclude these brief remarks by stressing again the importance of a continuing, close cooperation between the north and south continents of our hemisphere.

Such cooperation is necessary in a number of fields—in trade and aid, in economic development, even in the realms of security and political policy—if we are going to move forward together, take full advantage of the tremendous opportunities which this age affords to us, and advance the well-being of our respective nations.

I earnestly hope that the historic ties which bind us—ties of friendship, of common heritage, of similar aspirations and ambitions—will continue to grow stronger and help to advance fruitful cooperation in all lines of endeavor.

We, all of us Americans, north and south, should on this Pan American Day rededicate ourselves to these purposes.

Mr. MAILLIARD. Mr. Speaker, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from California, the ranking minority member of the subcommittee.

Mr. MAILLIARD. Mr. Speaker, I rise today to join my colleagues in commemorating the 79th anniversary of the Pan American Union.

This is an appropriate time to take stock of the ever-growing partnership between Latin America and the United States in this changing world.

Although events of recent months have tended to divide the people and the governments of this hemisphere, we should remind ourselves that geography dictates that each country within the Western Hemisphere must be concerned with the problems and actions of the rest.

There are serious problems which confront us which require careful and unemotional analysis and resolution. It is essential that we in the United States consider the attitudes and the interests of other governments; and in turn, we ask that our neighbors not overlook the problems that face the United States.

The United States has, over a considerable period, recognized that it was in our interest as well as that of the other American Republics to assist in efforts to develop the resources and to improve the living conditions of the people of the hemisphere. We have never regarded such assistance as charity. We have considered it to be an investment from which we would benefit in years to come as a result of the increased prosperity and stability of the hemisphere.

There are always problems arising from a lender-borrower relationship, and the interests of the one who uses the money are not always the same as the one who provides it.

I do not suggest that the recipients of U.S. assistance should accept dictation from the United States or that the United States should impose its will on other nations as the price of our aid. If there is to be cooperation, however, among friends to attain a common objective, this cooperation should not be marred by acts which are inconsistent with a spirit of cooperation.

Seizure at gun point of fishing vessels owned and operated by U.S. citizens and the expropriation of U.S.-owned property

without prompt and reasonable compensation does not contribute to the maintenance of the cooperative relationship which the United States has always believed that our friends desired.

The United States believes in the importance of the development of the countries of this hemisphere. The United States also believes that private investment is the most effective single means of promoting such development. Any course of action which discourages the private investor, be he a local businessman, a U.S. citizen, a European, or anyone else, inevitably retards meaningful progress.

Although I have spoken frankly, I do not forget that this day marks the 79th year of cooperation among the nations of this hemisphere. In spite of differences, I am sure that all of us realize that our futures are very much interdependent. Moreover, I believe that there is today a widespread and deep-seated feeling of common interest and common purpose among the people of this hemisphere.

The future holds great promise if we have the wisdom to do our best to achieve a true spirit of mutual helpfulness.

I have confidence that we will find solutions to the problems which confront us; and that in finding solutions to these problems, we will find ourselves drawn closer together than ever before with new confidence in each other and in our common future.

Mr. FASCELL. Mr. Speaker, I yield now to the distinguished gentleman from Pennsylvania (Mr. FLOOD).

Mr. FLOOD. Mr. Speaker, I thank the distinguished gentleman from Florida for yielding.

Mr. Speaker, when I first came to this House in 1945, I had the honor and privilege of being assigned to the great Committee on Foreign Affairs, and subsequently I became chairman of the Subcommittee on Latin American Affairs.

At that time we went to San Francisco to see the creation of the United Nations, and there, too, we emphasized in our area as observers for the Congress the importance of the relationships that the distinguished gentleman from Florida has just so eloquently outlined and in which he has been joined by the distinguished Republican ranking member for this purpose.

Mr. Speaker, subsequently, I went on the Appropriations Committee for the Department of State, and then when we created the Defense Appropriations Subcommittee, I developed a great interest, as Members of the House may recall, in the circumstances surrounding the Panama Canal, which I have followed assiduously, with the help of this House, ever since and until this day.

So for 25 years I have had the privilege of participating in this Pan American Day. My love and affection for my friends to the south is beyond my words to express.

Mr. Speaker, in this difficult decade all of us throughout the Western Hemisphere must continue to work together to attack our common problems and to shape our common future.

Although we represent diverse societies,

and speak different languages, and pledge allegiance to more than 20 different flags, we have mutual hopes, and mutual concerns.

Through cooperation, insight, and understanding we can become more than good neighbors—we can become true partners as nations and as fellow citizens of the Americas.

Our Nation has assumed vast responsibility in the leadership of the Americas. We here in the U.S. Congress and Americans everywhere should reflect the true meaning of Pan American Day and rededicate ourselves to the success of the cooperative endeavors of the future. Only in this way can the inter-American system be successful in the years to come.

Mr. Speaker, in almost all programs aiming toward progress in the domain of the good neighbor policy and the Alliance for Progress, it may be important to note that our friend, Father Joseph F. Thorning, maintains that the mother countries, Spain and Portugal, can round out Western Hemisphere efforts. Indeed, it is the view of many workers in this field that programs, inspired by this "triangular friendship," can prove most fruitful. Regardless of political systems, most peoples in the other American Republics have a profound admiration and love for the art, literature, history, and religious traditions of the Iberian Peninsula. This is a theme that strikes responsive chords in many minds and hearts. Dr. Thorning, aware of the value of this approach, has been one of our North American scholars to give Iberian culture a prominent place in his presentation of the inter-American system.

This is one reason why Rev. Joseph E. O'Neill, S.J., editor of the Fordham University quarterly, *Thought*, has assigned books about developments in the Iberian Peninsula and in Hispanic America to Dr. Thorning to be analyzed and reviewed in this widely respected review of culture and ideas.

An outline of Father Thorning's achievements is available, not only in "Who's Who in America," but also in an official U.S. Government volume, "The National Directory of Latin Americanists," published by the Hispanic Division of the Library of Congress.

Dr. Thorning's service in the field of education may be judged from the fact that he has served as dean of the Graduate School, Georgetown University; as professor of church history, ethics, and social history in Mount St. Mary's Seminary and College, Emmitsburg, Md.; as the one present honorary fellow of the Historical and Geographic Institute of Brazil; as an associate editor of *World Affairs*, Washington, D.C.; as the first associate editor for international relations of the quarterly, *Thought*; and as an expert witness for several standing committees of the U.S. Congress.

Moreover, on a number of occasions, Dr. Thorning has been appointed by the White House and the State Department to serve on U.S. special diplomatic missions for presidential inaugurations in South America, Central America, and the Caribbean. And for 28 years, he has been honorary chaplain of the Inter-American Defense Board.

Mr. FEIGHAN. Mr. Speaker, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Ohio.

Mr. FEIGHAN. Mr. Speaker, although the work of our friend, Father Joseph F. Thorning, in the cause of inter-American understanding and amity, is well known, it may be added that this priest-scholar has made contributions as a pioneer in the ecumenical movement. Long before interfaith progress became popular, Father Thorning was an apostle, in word and deed, for wholehearted, intelligent cooperation among people and ministers of all religious groups. Indeed, Dr. Thorning's first book, his doctoral dissertation in the Catholic University of America, was entitled "Religious Liberty in Transition," a history of the course of religious freedom in New England. This volume continues to be a standard work of reference and has been quoted by many scholars, including John Mecklin, of Dartmouth College, and Canon Anson Phelps Stokes, of Yale University. Father Thorning also wrote and spoke extensively about "An Act Concerning Religion," a charter of religious freedom proclaimed by the early settlers of what is today known as the Free State of Maryland.

This ecumenical work was carried by Father Thorning into a number of the American Republics. It is a matter of historical interest that in 1955, at the invitation of Dr. Abraham Vereide and of several distinguished legislators of a number of governments, Father Thorning participated in the first meeting of the Council for International Christian Leadership held in San Jose de Costa Rica. This conference lasted for 1 week and attracted delegates from numerous countries south of the Rio Grande. At the opening of the gathering, "the padre of the Americas," as Father Thorning has been described in the Western Hemisphere, gave the first public prayer ever offered on the national radio of Costa Rica in the presence of the then President of the Republic and his Cabinet. The whole conference was regarded as a milestone on the road to interfaith understanding and cooperation in Latin America.

Mr. KAZEN. Mr. Speaker, will the gentleman yield?

Mr. FASCELL. I yield to the distinguished gentleman from Texas.

Mr. KAZEN. I thank the gentleman from Florida for yielding.

I commend the gentleman for introducing this resolution, and I also extend my congratulations on this 79th anniversary of the Union of American Republics to the Organization of American States for the work it is doing.

Mr. Speaker, we in this hemisphere are neighbors by geography and the grace of God. It is up to us then, being neighbors, to be good neighbors and better friends. I believe that on a day like this and in a week like this, Pan American Week, we should stop to reflect that we belong to a family of nations, a family of American nations, and should strive to get a lot closer to each other than we have in the past. We should all strive to bring about better friendship, understanding, and mutual respect among all

the countries of the Western Hemisphere—for the good of all and the security of all.

Mr. McCORMACK. Mr. Speaker, on April 14, 1890, the hemisphere nations joined in signing an agreement establishing the International Union of American Republics, and the inter-American system came into being. Each year, we in the United States, together with our many neighbors in Latin America, pause on this day to pay tribute to the special relationship which has united our nations in common purposes for the mutual benefit of all. We reflect upon the common bonds which our peoples share. As once expressed by President John F. Kennedy:

We meet together as firm and ancient friends, united by history and experience and by our determination to advance the values of American civilization. . . . Our continents are bound together by a common history, the endless exploration of new frontiers. Our nations are the product of a common struggle, the revolt from colonial rule. And our people share a common heritage, the quest for the dignity and the freedom of man.

On this 79th anniversary, the American peoples can feel justly proud of their regional organization. Since its founding, the inter-American system has been a pioneer in the quest for a better world. It has been an innovator in establishing procedures for the peaceful settlement of disputes; it has championed the principle of self-determination among peoples; it has furthered the aim of representative democracy in the hemisphere; it has developed the modern concept of collective security; it has given the world a model for preventing the spread of nuclear weapons; and it now seeks to demonstrate to all the world, through the Alliance for Progress, that nations working together can accomplish economic and social advancement within the framework of democracy.

The two pillars of our inter-American system are the Organization of American States, the juridical framework of our system; and the Alliance for Progress, the bold social experiment whose ambitious goal is nothing less than the achievement of modernization, peace and prosperity for all peoples of the hemisphere.

This year marks the 21st birthday of the Organization of American States. When it was established, it was hailed as the keystone of a strong community of American nations. It was conceived as a system through which Americans, North and South, working together, could keep the peace, banish poverty and sickness, develop agriculture and science, safeguard human rights and repulse subversion and aggression.

Today, under the dynamic leadership of its Secretary General, Galo Plaza, of Ecuador, the OAS is striving fervently to accomplish these challenging objectives. The OAS today is an energetic force, constantly working to meet the tremendous challenges arising out of the pressures of the 1960's. Its dominant theme is action, especially in pressing social and economic areas—in tax reform and education, in science and technology, in public health and rural development, in spurring Latin

American economic integration, and in implementing the goals of the Alliance for Progress.

The Alliance for Progress, the most ambitious development program in mankind's history, is now in its 8th year. Its aim is the development of a continent and its peoples—a development that will bring all American nations and peoples into fruitful participation in the technological and scientific benefits of the 20th century. Its promise is a better, more prosperous life to millions within the framework of stable and democratic societies. Its method is cooperative action by all members of the hemisphere community to attack the tragic underdevelopment from which all the Latin American nations are suffering.

The Alliance is now in its second phase of activity. The first, which began with President Kennedy's historic announcement in March 1961, was the period of organization and mobilization. This was the period of trial and error, when the American nations came to realize the magnitude of the tasks which confronted them, when they came to accept their commitment and to grapple with the challenges at hand. In this period, the peoples of the Americas gained an essential understanding of the measures necessary and the sacrifices required to meet the challenges. The summit meeting of Presidents of the American Republics, held at Punta del Este in April 1967, initiated the second phase of the Alliance. This is a period of reevaluation, of newly focused goals and of specific action plans for modernization.

The Alliance has been severely criticized for its ineffectiveness and its failure to accomplish those goals upon which it was founded. Yet, 8 years after its inception, we can point to substantial gains in Latin American development which could never have been achieved without the Alliance. And perhaps the most significant factor on the side of the Alliance is an intangible one—the Alliance for Progress has been the generator of a development momentum and a development mystique which has pervaded the entire region of Latin America. The people and their leaders have become committed to change, and they are willing to work diligently and to endure sacrifices to bring about a better life for their nations. They have demonstrated their faith in the Alliance precepts and have devoted their resources—natural, material, and human, to the task.

This Pan American Day 1969 is a time for us in the United States to recommit ourselves to the principles and goals of the Organization of American States and the Alliance for Progress. It is our primary responsibility to formulate and execute sound policies toward Latin America. We must revitalize our policy and emphasize those constructive elements which foster close and healthy Latin American-United States relations, for the good of our own Nation as well as the nations of Latin America. We must work for a viable and dynamic Alliance for Progress. The United States is a junior partner in this enterprise—we have helped the Latin nations generate a development momentum and we must now

do all we can to assist them in sustaining that momentum.

The Alliance for Progress has its roots in the yearnings of the Latin American people for economic and social justice. In the final analysis, U.S. policy will be judged by how closely and successfully we identify ourselves with those yearnings of a people seeking to live in freedom and with dignity.

Mr. BOW. Mr. Speaker, much will be said on Pan American Day about efforts of our Government and other governments in this hemisphere to advance mutual interests and the welfare of our citizens.

It seems appropriate that recognition should be given also to the nongovernment hemispheric organizations that are operating in the effort to improve relationships and advance freedom.

The Inter-American Press Association is one of the most effective, though perhaps little known, hemispheric organizations, composed of newspapermen and women from most of the nations in North and South America. IAPA is dedicated to freedom of the press, a fundamental freedom which is responsible as much as any other for the establishment and preservation of the conditions that make it possible for men to govern themselves in a democratic society.

A recent article by my good friend, Lee Hills, president of Knight Newspapers, Inc., tells the story of IAPA. It will be of interest to thousands who read the RECORD and I include it with my remarks. In addition to his position as president of Knight Newspapers, Mr. Hills is executive editor of that organization, a former president of the American Society of Newspaper Editors, Sigma Delta Chi and the Associated Press Managing Editors Association, and immediate past president of the Inter American Press Association. The following article, reprinted from the March 1969 issue of Nieman Reports, contains much of the information that was presented also in a recent address by Mr. Hills at Ohio State University:

#### THE STORY OF THE IAPA

(By Lee Hills)

We journalists in the United States are often tempted, I think, to believe that the fight for freedom of the press is over and that we have won.

Consistently, these days, our courts are ruling in favor of concepts of press liberty freer than ever before of legal shackles and restrictions. More and more states are adding laws to protect newspapers and reporters against coercion, intimidation and source disclosure. Even the campaign for greater freedom of information is progressing, though much remains to be done.

So the temptation to conclude that the war is over is understandable, but it must nevertheless be resisted. Perhaps Chicago will be valuable for the memory it leaves with us: Proof that freedom of the press, like all freedoms, exists only so long as we are capable of defending it.

Despite the Chicago experience, freedom of the press exists in the United States to a greater degree than virtually anywhere else in the world. In this atmosphere, it is not surprising that few of us are familiar with the Inter American Press Association, known to its friends as IAPA or "Yapa."

Perhaps the best introduction to I-A-P-A is to acknowledge to you that there are

newspapermen in the Western Hemisphere today who are indebted to IAPA for their newspapers, their freedom and, in some cases, for their very lives. If that sounds dramatic, let me assure you that it is no more than the truth.

Despite its relative anonymity, IAPA has an impressive string of accomplishments.

1. IAPA is beyond doubt the most effective international group fighting to maintain and advance freedom of the press.

2. IAPA originated the concept of an inter-American professional organization, self-sufficient, unencumbered by government, and living off its own resources. No other profession has tried this and made it work so well.

3. IAPA is largely responsible for the fact that the Western Hemisphere is the one region of the world whose people—96 percent of them—have been living under varying conditions of press freedom. When I say "varying" I have in mind that less than 45 percent of the people of the world enjoy any real vestige of freedom.

4. IAPA has openly fought for the freedom of newsmen tyrannized by dictators such as Argentina's Peron, Trujillo of Santo Domingo, Colombia's Rojas Pinilla, Haiti's notorious "Papa Doc" Duvalier, and many other enemies of liberty.

5. IAPA created a Technical Center, a Scholarship Fund and other services to help raise the newspaper standards, mechanical and editorial, of Latin America. As standards rise, so does the independence of the press.

The achievements of the Technical Center alone are worth special mention.

Created as a non-profit organization almost seven years ago, the center is the forum for the exchange of information, ideas and friendships which form the core of IAPA's efforts. Its chief task is to bring together working newspapermen from throughout the hemisphere to share equally in the development of newsgathering techniques and production technology. Seminars and round table meetings have been held in the United States and eight Latin American countries, in which more than 800 news executives have participated. The center offers a consulting service for Latin American newspapers and has published a series of books, monthly bulletins and the only complete Spanish language style manual available.

Growth of the IAPA has been slow. Could you imagine the Associated Press Managing Editors Association or the American Society of Newspaper Editors enduring, much less existing, if they had the bitter opposition of a militaristic national government?

When, however, IAPA's General Assembly met last October in Buenos Aires, I was happy to report that we had more than 1,000 publications and individuals on our membership rolls, a gain of 200 in one year and of 400 in five years. Certainly these inter-Americans cannot be intimidated.

Taken together, these publications have a circulation of 50 million copies daily. Most of them espouse freedom. This is a powerful voice.

Yet we must look at the dark side of our rediscovered moon of hemispheric liberty. So soon after the exhilaration of the Argentine meeting we find freedom under attack on new fronts. Three of every four Latin Americans now live under some kind of military rule, sometimes benign but in theory always potentially repressive. Anyone can tick off the countries. But in every one of them the IAPA presence for freedom is being felt.

Since 1930 there have been 39 military coups in Latin America. Some of them have been engineered by officers trained—supposedly in democratic ways—by the United States. A third of these coups have occurred since the Alliance for Progress got shakily off the ground in 1961, leaving behind it a doubt

that now is growing because of suspicions of the Alliance's eventual failure.

We cannot judge Latin America, if indeed we should sit in any kind of judgment, by our own standards. A good example is Brazil. President Arthur da Costa e Silva, who ousted the extreme left wing Goulart in 1964, is a moderate who in December, 1968, lost control to radical, hard-line younger officers. They forced him to suspend congress, arrest political critics and some journalists, and introduce the trappings of dictatorship without, perhaps, fancying them himself.

These hard-line officers fear the press and are in awe of its power. They have confiscated newspaper editions and jailed editors and publishers. They currently enforce an enigmatic "self-censorship" that has destroyed the freedom of the press in Brazil.

Leading Brazilian editors who oppose military dictatorship are considered "subversive." They have been arrested and subjected to prolonged and repeated interrogations. In the course of the interrogations the officers conducting them have often displayed a tragically simplistic view of the press. "In the past year your newspaper has published one or more editorials generally favorable to . . . the U.S. . . . West Germany . . . Israel . . . Russia. Were you paid to publish these editorials by . . . the U.S. . . . West Germany . . . Israel . . . Russia?"

When I talked with President Costa e Silva in Rio de Janeiro in late October he assured me there would be no infringement of press liberties. Yet that has occurred as the military dictatorship lets itself be drawn into political excesses alien to Brazil.

In Argentina, a nation of such great economic potential that its lack of leadership moves one almost to tears, there is yet no real recovery from the rapacious dictatorship of Gen. Peron. To a degree, however, Lt. Gen. Juan Carlos Onganía has brought the country back from ruinous inflation and is establishing some stability. So far, he has tolerated a free press and open criticism, something relatively rare among the outcroppings of military dictatorship in the last decade.

The Argentine press is free, but cautious. And the warning flags are flying. A recent law decreed by the Onganía regime despite widespread opposition from responsible public opinion calls for prior censorship of films.

Under the guise of protecting the public from "immoral" movies, government-appointed censors can ban any film on moral, social or political grounds. The editorial comment of one Argentine magazine was typical of press opposition to the law. The magazine termed the law "a bold and dangerous advance against the freedom of expression."

In Peru, too, the press lives under the cloud of a military dictatorship born last October even as we were meeting in Buenos Aires. Criticism of the government is tolerated in Peru, but not encouraged. An example comes from the editor of a moderately left magazine who was jailed for twitting the generals and questioned by a military officer.

"I tried to talk about the importance of a free press, the press as the fourth branch of government," the editor said after his release. "He reminded me that now Peru has only one branch of government."

Last October's second coup occurred in Panama, where the National Guard overthrew an elected government on its 12th day in office. One of the Guard's first actions after taking power was to crudely, and completely, censor the press. The Panamanian press now functions under "Guidelines" published by the National Guard. One of the "guidelines" warns editors "there shall be no insinuations that there is censorship." Editors are "asked" to observe the "guidelines," and one of the "guidelines" says: "This is the last time you will be asked to cooperate."

In much of Latin America today—too much—freedom of the press is as vulnerable

as democracy. Newsmen in a number of countries ruefully share the views of a Peruvian editor who observed "It's easy to militarize the civilians. It takes longer to civilize the military."

Cuba, of course, is a special and most tragic case of its own. Avowedly, a Communist nation under Castro's dictatorship, its control of the Cuban press is complete. Ten years after Castro's ascendancy, many Cuban newspapermen still languish in Cuba's jails. Against the absolute tyranny of Castro, pressure from IAPA seems to be of little help but the task of rallying and maintaining public opinion against his oppressive measures continues to have top priority in our efforts.

These are just examples of what is happening in Latin America, and particularly in South America. People seem to be willing at length to accept limitations on their democratic freedoms in return for some economic well-being.

In Latin America as elsewhere when you come right down to it, the best test of a working democracy is freedom of the press. Or, as American newsmen are more fond of calling it, freedom of information—the people's right to know.

The conservative and strongly nationalistic military regimes of Latin America believe they must maintain the status quo, protecting it against the discontent of youth who are reacting there as elsewhere in the restless search for some special identity.

The dangers to a free press in this kinetic atmosphere thus are obvious. Even in Chicago, newsmen were clubbed. It is no surprise that they are the first to be jailed in any political uprising. It was the elimination of press censorship by Alexander Dubcek in Czechoslovakia that, paradoxically, led to the Soviet occupation. Far from lying down, the Czech newspapers lambasted their Soviet neighbors and compelled the Kremlin to move against them.

We all know that the Russian game in the East is a loser. When young Czechs immolate themselves by fire, we sense the depths of the desire for freedom and the certainty that it will be achieved.

The urge for freedom is even stronger in Latin America. That is why I want to tell you the story of the Inter American Press Association which I mentioned in the beginning.

Bear in mind that IAPA was not always robust, or effective, or independent. At the outset it was pitifully weak.

One of the most inspiring stories in the book of journalistic freedom is how it became, overnight, snewy and strong. That transformation is one reason why I believe that other Latin American countries will not go the way of Cuba, and why I think that the flourishing new military regimes south of the border are less likely to follow the totalitarian footsteps of the Perons and the Trujillos.

Mary A. Gardner in her book on IAPA tells how the "First Pan American Congress of Journalists" meeting in Washington in 1926 called for creation of a permanent inter-American organization.

Sixteen years later the Mexican government organized and financed the next meeting, in Mexico City in 1942, with Communists trying to manipulate the sessions. Few journalists attended from the U.S.

A permanent organization was established at the Second Pan American Congress in Havana in 1943, and it was given the Spanish name we still carry, Sociedad Interamericana de Prensa.

From its very start the old SIP was infiltrated by Communists. They were particularly strong in the executive committee.

Only 12 United States publications sent delegates. These included Tom Wallace, Julio Garzon, Eugene B. Mirovitch, William P. Carney, Herbert Corn, Ralph McGill, Robert U. Brown and myself.

We were fascinated but dismayed by the proceedings. Cuba and Mexico were then the centers of Communist power in Latin America, and between them sent delegates from 130 publications. The Cuban government paid all the bills. Delegations sat and voted by countries. Many of the delegates were not journalists, but simply propagandists.

Numerous resolutions were strictly political, having nothing to do with the press. The Communist thrust was openly directed at the United States. The enthusiasm of Latin American newspapermen for an inter-American organization was obvious, however, and the dedicated work of Tom Wallace, Farris Flint, Joshua Powers and a few others made possible the new IAPA which later emerged.

The reaction began in 1945 at the Caracas congress against the way the SIP was constituted—political, non-professional, government-subsidized, Communist-infiltrated. The revolt grew at the 1946 Bogota meeting and jelled into action in Quito in 1949. With the aggressive backing of North Americans and a group of influential Latin American publishers, the Quito congress voted to reorganize the association.

This was done at an historic meeting in New York in 1950 which changed the basic character of IAPA, made it totally independent, sustained entirely by dues of its own members. For the first time it occupied itself predominantly with freedom of the press. This marked the end of government-sponsored congresses. The freedom of the press report that year denounced repressive measures against the press in 15 nations in the Americas.

Thus the Western Hemisphere learned a classic lesson in the frustration of Communist intrigue. The reorganized IAPA, its treasury empty and limited in membership, had a tough new start from scratch. The struggle against Communist infiltration had sapped its strength.

It needed the prestige and financial support of United States publications, and most of them were not interested. Clearly, IAPA needed a cause.

Suddenly, it was handed one by Juan Domingo Peron in 1951. Peron harassed, closed and finally expropriated the great newspaper *La Prensa* in Buenos Aires. Its widely revered publisher, Alberto Gainza Paz, escaped into exile in Uruguay.

A number of leading United States newspapers joined IAPA and helped rally public opinion in the hemisphere against Peron. As a result, IAPA gained enough strength to hand Peron his first defeat in the international field.

This came at the annual meeting of IAPA in Montevideo in October, 1951, only a few months after *La Prensa's* confiscation. Peron sent a delegation of 53, more than half the total attendance. Only 16 came from the United States.

The Peronistas applied for membership and tried to take over the meeting. Many of them wore guns into the meetings. The Board of Directors refused to be intimidated. It rejected all but 10 of the Argentine applications on the grounds that their newspapers were not democratic.

With that, the Peronistas stormed out en masse along with eight other Latin Americans. They announced that they would form a Latin American Press Association, but it never got off the ground.

Press freedom was at a low ebb in Latin America during this period, and dictators were riding high. The re-born IAPA took them on, in country after country. It marshaled public opinion with a vigor that caused growing alarm among the dictators. They reacted with violent attacks on the IAPA.

After their defeat in Montevideo, Peron's bully-boys wrote a 437-page book assailing IAPA. The late Demetrio Canelas, of *Los Tiempos*, Cochabamba, Bolivia, saw his news-

paper destroyed by government-inspired mobs, and then he was thrown in prison and threatened with execution as a traitor for not bowing editorially to the government. IAPA protests saved him.

Canelas thus expressed his gratitude: "I owe not only my freedom but my life to the Inter American Press Association." And so we have our theme.

IAPA has helped extract other editors and publishers from prison. It has fought to reopen newspapers closed by tyrants. It has aided in restoring confiscated newspapers to their rightful owners. Perhaps it has saved other lives.

Besides *La Prensa* of Argentina and *Los Tiempos* of Bolivia, the successful freedom campaigns include those for Pedro Joaquin Chamorro of *La Prensa* of Managua, Nicaragua; the late Hernan Robledo of *La Flecha*, also of Managua; *El Intransigente* of Salta, Argentina, and its editor-publisher David Michel Torino, also dead now; *El Tiempo* and *El Espectador* of Bogota; *El Comercio* of Quito; *La Prensa* of Lima and *El Imparcial* of Guatemala.

The IAPA cannot take credit for Peron's fall in 1955, but it has played a major role in creating the public opinion that helped topple dictatorships, and it can take credit for the return of newspapers to their legitimate owners.

The association protests every restriction of freedom of the press. This may consist of suppression of free newspapers, their direct or indirect control by a government, the imprisonment or arrest of newspapermen, official subsidies, discrimination in the release of news, the existence of official news agencies, any interference in the management's freedom to run a newspaper, discriminatory taxes, government control of newsprint imports or sales, or any other restrictive measures.

It is difficult for a North American to have the same appreciation of these efforts as do the Latin Americans. And the courage of our Latin colleagues in fighting for the principles of freedom is something we are not called upon to match.

As one friend said, "If they are willing to go to jail for freedom of the press, the least we can do is to give them moral and financial support through the IAPA."

Pedro Beltran of *La Prensa*, Lima, who was thrown into Peru's equivalent of Alcatraz and was freed through the help of IAPA, put it this way:

"I wonder whether those of you who have not seen this sort of thing at close range understand the great significance of IAPA and the place it will hold in history when the story of the democratization of the Americas is told. When a government stamps out liberty, when it closes newspapers and denies freedom of expression, the voices from the outside, the voice of an authorized institution like the IAPA, open up new possibilities of hope; we have seen this clearly in Peru.

"I would even say . . . that if it had not been for the invaluable help of the IAPA there would not be a regime of freedom today in my country, nor would I be here addressing you." Sr. Beltran is former prime minister of Peru, and a former president of IAPA.

While the IAPA's front line has been in Latin America, it does not hesitate to skirmish in the United States against recurrent attempts to muzzle the domestic press.

For example, it opposes the Reardon report and other proposals which would unduly restrict crime and court reporting. It fights vigorously against secrecy in governmental operations and any move that would deny citizens the right to information.

Perhaps the most powerful, and certainly the most newsworthy, arm of IAPA is its Freedom of Press Committee. Today it is opposing

the resurgent censorship in Brazil, the confiscation of newspapers—including *The Miami Herald* and *The New York Times*—in Panama, a proposal to punish legislative reporters in the Bahamas if their stories are not to the liking of parliament, the harassment of reporters by travel restrictions and deportation, and censorship in Cuba and Haiti.

IAPA's Freedom of the Press Committee is keeping an eye on recurrent proposals to tax newsprint, printing machinery and other instruments of a free press. One of the new weapons of this committee, initiated in my term as IAPA president, is what might be called the task force operation. The task force is sent into countries where there is a press freedom problem. It investigates the dimensions of this problem and consults respectfully with the authorities. Commissions have visited Guatemala, Honduras, which restored freedom of the press shortly after the visit; Panama, Brazil, and Paraguay, where long-time restrictions on the press recently were lifted.

In the meantime the committee operates through a regional vice chairman and members who immediately notify our New York headquarters at the first sign of censorship or violation of the freedom of the press. Often the Freedom of Press Committee takes over from there and the matter is quickly ended with fanfare.

For North Americans complacent in the freest society in the world, few stop to think that this takes courage. The honor roll of Latin Americans who have gone to jail and even to torture for their beliefs is long. The honest North American cannot but admit that the dedication of these brave men is almost beyond belief.

Sometimes suffering much, they have accomplished even more. Inch by desperate inch, the Western Hemisphere is yielding to the fact of life that only truth can make and keep it free.

We have far, far to go in the quest with the brave banner, "The People's Right to Know." But it is being held strongly aloft. It is the guidon of freedom. In good time it must dominate the battlefield of the human mind.

Mr. PRICE of Illinois. Mr. Speaker, it may be interesting to note that, since we gathered here last year from our Pan American Day session, the Republic of Nicaragua awarded its highest national decoration, the Order of Ruben Dario, to our Acting Chaplain of today, the Rev. Dr. Joseph F. Thorning. The award was made by the Government of Nicaragua, headed by one of our most loyal friends, President Anastasio Somoza, Jr., the latter a distinguished graduate of the U.S. Military Academy at West Point.

Investiture ceremonies were held in the Nicaraguan Embassy, Washington, D.C., presided over by another distinguished friend of many Members of the Congress, His Excellency Ambassador Guillermo Sevilla-Sacasa, who served brilliantly as dean of the diplomatic corps.

Mr. ADAIR. Mr. Speaker, since 1931, the Western Hemisphere has celebrated April 14 as Pan American Day. I think it most appropriate that this date has been selected to celebrate the creation and growth of the inter-American regional system as it was on this date in 1890 that the First International Conference of American States established the International Union of American Republics.

The concept of hemispheric unity was

first conceived by the great South American Liberator, Simon Bolivar. He held the conviction that through solidarity based on law and democracy the nations of the Western Hemisphere could defend their independence. In 1888 the United States adopted the idea of cooperation for the mutual benefit of all the American Republics, when the U.S. Congress authorized President Cleveland to invite the Governments of the American Republics to participate in a conference to discuss the pacific settlement of disputes and to consider ways to encourage reciprocal commercial relations.

Since then, notable strides have been made in formalizing a viable inter-American system. The two primary components of this cooperation are the Rio Treaty of 1947 and the Charter of the Organization of American States—OAS—in 1948. These agreements contain the obligation of solidarity against aggression from within or without the hemisphere. Together they have preserved peace, promoted order, and have fostered economic collaboration.

In recent years significant economic strides have been made in Latin America due to a new spirit of regional economic integration. This is due in large measure to the efforts of the Inter-American Committee or the Alliance for Progress—CIAP—and the creation of the Inter-American Development Bank.

Further progress is needed to promote trade and economic cooperation between the American nations and to prevent possible Communist inroads. Perhaps the structural changes contained in the 1967 protocol of amendment to the charter of the Organization of American States will make the regional system an even more effective tool for promoting the common interests of the hemisphere.

Mr. MORSE. Mr. Speaker, I am pleased for this opportunity to extend our greetings to the peoples of the other Republics of the Western Hemisphere on the 79th anniversary of the Organization of American States. I share the hope of other Members of this House that all Americans will achieve new levels of good will and prosperity.

Traditionally, Pan American Day is an occasion for us in North America to renew our commitment to unity and cooperation among the American States, but this year I think we have another opportunity to call upon our Latin American partners for their advice as to how we can improve our communications and our policies. For too long, it has been U.S. policymakers who have described the framework for inter-American cooperation. It is time for us to listen, and hopefully, to learn. I am sure that this approach can do a great deal toward establishing a new level—a higher level of dialog.

I am pleased that the President of the United States has undertaken to do this, and I was especially gratified with his announcement of the special mission which Governor Rockefeller will embark upon in the weeks ahead.

I am convinced, Mr. Speaker, that by changing our approach to Latin American affairs of years past—by listening rather than lecturing—we have a chance

to find the developmental mystique which has alluded the Alliance for Progress. As we are learning from our domestic experience, pride, confidence and self-reliance have more to do with development than the nature or even the quantum of external economic assistance.

As we celebrate this Pan American Day, let us pledge ourselves to a new policy, the most positive policy, with the greatest significance for long-term development in Latin America—that is, encouraging the Latins themselves to take the lead in setting the tone for the next decade.

Mr. ROYBAL. Mr. Speaker, I am happy to join with my colleagues today in saluting Pan American Day, on this the 79th anniversary of the founding of the inter-American system.

As a member of the House Foreign Affairs Committee, as well as its Subcommittee on Inter-American Affairs, I am deeply interested in promoting closer relations and more productive cooperation between all the Republics of the Western Hemisphere.

In commemorating this occasion we in the Congress have an opportunity to renew the historic bonds of friendship and mutual respect which have served to unite the nations of North and South America down through the years.

In this way, we can make our own contribution to the fulfillment of the 150-year-old Pan American dream—of a true partnership in progress throughout the hemisphere leading to a better way of life for all the citizens of the New World.

In addition, Mr. Speaker, we should use this occasion to extend our congratulations to all who have helped to build and strengthen the Organization of American States. We express our best wishes for its continued growth and prosperity. And we pledge our enthusiastic efforts to foster wider understanding and more extensive cooperation with our good neighbors to the south.

Mr. RYAN. Mr. Speaker, today, April 14, marks Pan American Day, the 79th anniversary of the founding of the inter-American system. The occasion will be celebrated throughout the United States and the Latin American nations with speeches and festivities commemorating the political, legal, economic, and cultural ties that unite the 23 sovereign nations of the Western Hemisphere. And well our peoples should celebrate, for we have much to be proud of in our inter-American system. The Organization of American States, the structural framework of our system, is the oldest regional organization in the world, and its accomplishments in the political, juridical, economic, cultural, and social fields have been many.

Yet I feel that on this anniversary, more is needed from us in the United States than a fraternal commemoration of our special relationship; more even than a rededication of our faith in the principles which have united our peoples in a common purpose. This anniversary is a time for us to take a long and thoughtful look at our relations with Latin America—and if we do that, and do it honestly, we can only arrive at the con-

clusion that much is not right in that relationship.

There is increasingly widespread sentiment expressed in the Latin American press and by leading diplomats and officials south of the border that the United States is taking her sister Republics too much for granted. Even our closest Latin American friends have expressed a feeling that their nations are treated merely as "second-rate cousins" of the colossus of the North and that U.S. actions over the past years have indicated insufficient concern for events and problems in Latin America.

In addition, the Alliance for Progress, now beginning its 8th year, is under considerable criticism, and some critics in the United States are suggesting that the best way to correct its faults is to scrap it.

I believe that problems in United States-Latin American relations must be heeded now, and that what is needed is a complete review of the entire spectrum of our relations with this hemisphere, and that includes a thoughtful analysis of the realities of that relationship. These realities include:

First, recognition of the fact that it is essential to U.S. interests that we concern ourselves intimately with the challenges of Latin American economic, political and social development;

Second, recognition of the fact that the United States has seriously neglected her southern neighbors and, by following an erratic and largely crisis-oriented policy toward Latin America, has caused our image of a concerned and responsive nation to be impaired;

Third, recognition of the fact that the Organization of American States possesses the potential for being a viable organ not only for the maintenance of peace in the hemisphere, but also for spurring regional cooperation for the economic, political, and social reform which the Latin nations must accomplish;

Fourth, recognition that the Latin American nations are not content to continue in traditional paths; that the Latin American today has a vital concern for the problems of his region, that he is restless and impatient to cure the momentous ills of his civilization, that he seeks the progress and prosperity accruing to citizens of the industrialized 20th century, and that he is committed to sacrificing whatever is necessary to achieve those ends; and

Fifth, recognition that the Alliance for Progress is basically a sound program for hemisphere development, with valid goals, and that the development, progress and momentum generated under the Alliance justify its promise for the future and merit continued and increased U.S. support.

Let us now examine more closely the Alliance for Progress, the keystone of our participation in hemisphere affairs. The precepts and goals of the Alliance have redefined our relations with the hemisphere, and our commitment to that program demands a rethinking of our role in hemisphere affairs.

The decade of the 1960's, signaled by the inception of the Alliance, propelled inter-American relations into a new era,

an era in which economic, political, and social development form the basis for a unique hemisphere unity. For the United States and the Latin American nations, the Alliance ushered in an age of hemisphere-wide involvement far beyond those commitments of mutual defense which drew us together in the war years. The philosophy of the Alliance has made it necessary for the United States to be willing to make a long-range commitment to work closely and unceasingly with the Latin Americans in a common effort to assail their staggering problems. It is clear, however, that we in the United States have not made that total commitment dictated by Alliance precepts.

It is obvious to all who have dealt with the Alliance that the program has not fulfilled the goals which were set 8 years ago, nor are the Latin American nations even close to achieving the stage of development conceived in the Alliance structure. Critics, therefore, brand it a failure. However, the simple truth is that at its inception the achievement of the revolutionary goals of the Alliance were thought possible in one short decade. What was expected of the Alliance was a complete transformation of Latin American life—political, economic, and social—in 10 short years. It simply could not be done. It was not possible to erase the staggering problems of Latin America or to work the required reform in institutions so profoundly rooted in century old traditions in such a short period. Yet, the Alliance was looked upon as a panacea, a magic solution to every problem, and when it failed in its impossible task, disenchantment set in. The kind of program which the hemisphere nations are trying to implement requires long-range perspectives.

Another widely held misconception concerning the Alliance for Progress concerns one of the basic development goals set by the Alliance Charter—an annual per capita growth rate of 2.5 percent, and the failure of Latin America as a region to meet it. While it is true that in the past many of the Latin nations have consistently fallen short of the 2.5-percent goal, and that—according to available 1968 figures—the regional total for the past year was only 2.3 percent, the failure has been largely relative. The significant point is that the farmers of the Alliance Charter and the critics of the program since its inception have themselves failed to acknowledge the critical interplay between the booming rate of Latin American population growth and its resultant negative effect on per capita income growth.

Latin American regional population is growing at an average rate of 3 percent, the highest average in the world. Regional GNP, therefore, must grow by 5½ percent to meet the Alliance target of 2.5 percent. The per capita growth rate in nations well developed industrially, including the United States, averages only about 5.1 percent; and we cannot expect a largely underdeveloped Latin America to equal that. Even with the tremendous obstacles imposed by spiraling population, five nations, Argentina, Bolivia, Brazil, Costa Rica, and

Mexico, have registered an increase in 1968 per capita GNP of 3 percent or above.

The explosive population growth is also contributing to another major setback in Latin American economic growth—rising unemployment. Simply stated, the available work force in many Latin American nations is growing more rapidly than these nations are able to use it. Population pressures also contribute to the failure of food production and educational facilities, both of which have greatly increased under the Alliance, to show substantial growth gains.

The spiraling population increase is one of the chief obstacles thwarting Alliance development objectives. This fact has come to be realized not only by experts in our country, but by the Latin Americans themselves. Steps are being initiated to deal with this critical problem—in 1967, the Organization of American States took bold and unprecedented action in sponsoring the first Latin American Conference on Population Control. There is growing optimism that this primary barrier to development can be surmounted.

If it is true that the failure of the Latin nations to halt the rapid growth of population is hampering the rate of economic growth and outpacing efforts in health, education, and housing, and that Alliance political and social reforms have encountered much resistance from vested interests and entrenched oligarchies, it is also true that the United States—through its cutbacks of aid—has failed to sustain its level of commitment and its faith in the Alliance as a viable development program. Criticism has also been leveled at the United States for the increasing protectionist sentiment concerning our trade with Latin America, and the trend toward restrictions on Latin American trade with the United States—a trade which is necessary to build the economic resources of those nations.

Let us for a moment look at the plus side of the Alliance program—at what it has achieved in the way of Latin American development. OAS Secretary General Galo Plaza stated in a recent speech that during the 1960's, the Latin nations have put forth tremendous efforts to meet their many commitments under the Alliance. Their achievements included the following:

First, for the first time, national policy in most of the Latin American nations has become development-oriented;

Second, the Alliance has fostered the emergence of a new generation of Latin American statesmen, economists, and technicians who share common purposes and have a firm grasp on the realities, aspirations, and possibilities of their region;

Third, physical integration has taken great strides—this is revealed in the rapidly expanding highway networks, airways, and river and sea routes, and in modernization of telecommunications;

Fourth, school enrollment has seen spectacular progress in many nations with very low rates of enrollment; and

Fifth, finally, and most revealing, the internal effort of the Latin American

nations has far exceeded initial expectations. In the first 7 years of the Alliance, Latin American domestic investment in the program has amounted to approximately \$125 billion, although Alliance guidelines required an investment of \$80 billion for the entire 10-year period. U.S. investment during that same period has totaled less than \$4.7 billion.

President Nixon has called for reevaluation of United States relations with Latin America with special emphasis on the future of the Alliance for Progress. Both the Senate Foreign Relations Committee and the House Foreign Affairs Committee are preparing intensive studies of the Alliance to determine what our future course should be. A large part of the future development of Latin America rests with the precepts and goals of the Alliance for Progress. Therefore, it is essential that the program be reappraised on the basis of viable and realistic goals, not dreams. The Alliance must be strengthened and perfected as the basis for sound and stable Latin American development, and as the basis for healthy inter-American relations in the years to come.

We must commit ourselves to making the Alliance a success. This commitment requires not only our resources and our plans and policies, but also our will. We must be willing to sustain the effort and the vision that will be necessary to build upon the beginnings that have been made.

Covey T. Oliver, former Assistant Secretary of State for Latin America and Coordinator of the Alliance for Progress, recently said:

We are long past the point of being able to walk away from the Alliance as though it were a crashed aircraft. It was not just Communists who arranged Mr. Nixon's bad reception in 1958, but the pent-up fury at having been ignored by the United States since World War II. Belatedly we have begun to help. The consequences of walking away would be very serious. We cannot afford to lose Latin America.

On this 79th Pan American Day, let us pledge ourselves to a reassessment of our hemisphere relations and to a realistic, long-range commitment to our partners in Latin America, that we might together strive for the ultimate goal of world prosperity and world peace.

Mr. MONAGAN. Mr. Speaker, today I join with my colleagues in observing Pan American Day. This is the 29th anniversary of the founding of the International Union of American Republics, conceived in 1890 with the First International Conference of American States held in Washington, and continuing today as the Organization of American States, a viable force in inter-American affairs, having the potential to provide meaningful solutions to socioeconomic problems of Central and South America through economic and political cooperation.

The durability of the OAS stands as evidence of our mutual determination to seek meaningful change through peaceful economic and political cooperation. Fortunately, we are not limited to pointing to the durability alone, but can point to other more tangible results of our mutual efforts. The economic base of our partners is slowly broadening to benefit

all levels of their societies, and professional and technological assistance is fostering gradual rural modernization.

When we remember that many of the people of Central and South America have not advanced materially in modern education and economic opportunity, the task of those who would help is easily defined, but the same facts that delineate so clearly the depths of the problem also serve to gage the difficulty of getting results. To carry on an effective program, we must redefine our priorities to reflect the urgency of the situation.

That the well-being of Central and South America is inextricably tied to the welfare of the North American societies was recognized as early as 1823 when we enunciated the Monroe Doctrine. At that time we made known to the world our special interest in the hemisphere, and our actions since that time in forming associations of political equals to define and solve mutual problems for the common good have further indicated our interest. We have the machinery necessary to produce meaningful solutions, but to this day we have run it at less than full speed. Today let us reexamine our programs and rededicate our efforts toward a more effective solution of our hemispheric problems.

Let us look particularly to greater utilization of the Organization of American States to meet these pressing problems.

It is fitting that on Pan American Day, when we observe our hemispheric solidarity, we also pay tribute to the clergyman who offers today's invocation, the Reverend Joseph F. Thorning, Ph. D., D.D., the former dean of the Georgetown University Graduate School, an innovator in ideas toward hemispheric harmony, a student of Latin America, and a sincere friend of the House.

I would like to draw attention to the fact that, for many years, our friend, Father Joseph F. Thorning, has been active in promoting interracial harmony. He has often emphasized the importance of this outlook in dealing with citizens of our own country and in handling issues which touch upon progress in the other American republics. In almost all his books, articles, and lectures, Dr. Thorning has pointed out that, throughout Latin America and Canada, the ideal of interracial fairness attracts highly favorable attention. It is a principle that if applied and practiced in the United States, can win new friends for our own country and people throughout the Western Hemisphere.

Father Thorning has delivered the invocation to the House on the observance of Pan American Day for 25 years, and the thoughtful guidance which he has offered has been of great benefit to all of us as we have endeavored to find our way through the complexities of this important area. On this silver anniversary of the time when Father Thorning first delivered the invocation on Pan American Day, I commend him for his devotion to this great cause.

It is encouraging to know that such an able man as Father Thorning retains confidence in the collective wisdom of the

governments of this hemisphere to enact measures which will effectively foster the common good in the spirit of peaceful cooperation.

Mr. ZABLOCKI. Mr. Speaker, I am pleased to join with the distinguished gentleman from Florida (Mr. FASCELL) in this observance of Pan American Day.

At the outset I wish to commend Congressman FASCELL for his leadership in Latin American Affairs.

As chairman of the House Foreign Affairs Subcommittee on Latin America, the gentleman has been conducting some illuminating and important hearings on the Alliance for Progress, the United States pledge of mutual assistance to the people of Central and South America.

From these hearings may well emerge a new and more complete understanding of the progress which has been made under the Alliance and of the problems which still must be solved.

We are well aware that there are problems. Social, economic, cultural, and political differences, and controversies plague our relations with our Latin American neighbors.

But these difficulties should not blind our eyes to the long tradition of mutual assistance and cooperation which has operated in the Western Hemisphere—a tradition embodied in the Pan American Union.

Since the first International Conference on American States, held in Washington in 1890, the United States has recognized the particular importance of harmonious relations among the States of this hemisphere.

Through the years we have evolved with our Latin American friends several political instruments to encourage cooperation and mutual progress.

Perhaps the most important of these is the Organization of American States. Through the OAS we are attempting to work out a common understanding of our common desires and goals. The United States seeks not to dictate to Latin America, but to understand and to respond to its real needs.

To accomplish this end, the Alliance for Progress was established. Propounded by the late President Kennedy as a pledge of U.S. commitment to Latin American economic and social progress, it has not always met our expectations.

This does not, however, mean that the instrument itself is defective, but more likely that our use of it may require reexamination. I am confident that, given a spirit of good will on all sides, the Alliance may yet achieve the potential contemplated by those who created it.

One area in which I believe more fruitful work might be done is in the transfer of technology developed in the United States to assist the development and welfare of the nations of Latin America.

Such a transfer is not easy, since these nations often lack the necessary economic and educational foundation on which to base the wondrous products of our technological age. At the same time, however, there are areas in which scientific knowledge might well be fruitfully shared. These we should seek out and implement in meaningful programs.

The future of United States-Latin American relations is not likely to be smooth. With confidence we can predict many political storms over the hemisphere during the next decade. But this awareness should not disillusion or discourage us, but rather serve as a spur to even more intensive efforts at cooperation.

In the spirit of mutual help which has characterized the Pan American Union, therefore, let us get on with this great work for the betterment of our Western Hemisphere.

Mr. FASCELL. Mr. Speaker, I move the previous question on the resolution. The previous question was ordered.

The resolution was agreed to.  
A motion to reconsider was laid on the table.

#### GENERAL LEAVE

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks on this resolution and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

#### THE BURDEN OF TAXES, THE NEED OF REFORM

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

Mr. SAYLOR. Mr. Speaker, the April 4 issue of Life magazine contained an important and timely editorial on tax reform which I believe all Members should read. The editorial lays heavy stress on the 1968 recommendations of the Treasury Department as the basis for tax reforms; certainly in those 908 pages of information there is enough evidence to convince the Congress that comprehensive tax reform is long overdue. My concern however is not with who made the recommendations, rather it is with our response to the crying need for tax reform. The House Ways and Means Committee has in its 25 members more than enough expertise, intelligence, and compassion to effect the needed reforms with or without the assistance of the Treasury. And it is the responsibility of Congress—no one else—to effect reforms. The editorial states that the public has been "long aware that the U.S. taxation system is badly dated, overly burdened with complexities, and shot through with glaring inequities." Mr. Speaker, the time for tax reform is upon us. We have an obligation to the public to change its concept of our tax system. The editorial follows:

#### THE BURDEN OF TAXES, THE NEED OF REFORM

Just a few days before leaving office, L.B.J.'s Treasury Secretary Joseph Barr touched a highly responsive chord with the public. He disclosed that more than 150 wealthy citizens in the \$200,000-plus income bracket were quite legally not paying a cent in income tax—and predicted "a taxpayer revolt" if something isn't done about the widespread tax inequities that such extreme

examples represent. As an unprecedented amount of mail seconding Barr poured into the Treasury and Congress, it finally seemed the long-lost cause of tax reform was an idea whose time had come. House Ways and Means Committee Chairman Wilbur Mills scheduled exhaustive hearings to prepare legislative proposals, and the new Nixon administration seemed ready to make tax reform one of its domestic priorities.

But now, as if to thicken the April 15 taxpayers' gloom, Treasury officials of the Nixon administration are complaining that Barr's mention of wealthy tax-avoiders was "unprofessional" and "inflammatory," and are quietly spreading word that though tax reform is still desirable, it is a highly complicated subject needing further study—say until 1971.

This line is going to be hard to sell to a public long aware that the U.S. taxation system is badly dated, overly burdened with complexities and shot through with glaring inequities. The momentum for reform is particularly high at a time when the "temporary" federal surcharge for the Vietnam war is about to be extended for another year, and many racial and urban problems await expensive solutions after the war's end. State and local taxes—which have doubled in the past 10 years—are also continuing to soar, with 38 states already considering tax increases for 1969. Against this background, it would be highly disappointing for the Republican administration, like its predecessors, to make a desultory start on tax reform.

At a time when taxpayers are heavily burdened, it is particularly important that they not be *unfairly* burdened. The fact that they are, far from needing further elaborate "studies" by Congress or the Administration, has been exhaustively documented by tens of thousands of pages of congressional committee testimony, and most recently by the thoroughly researched 1968 U.S. Treasury Department report prepared by Assistant Secretary Stanley Surrey. The Surrey report also proposed a program of tax reforms. It would not "soak" the rich, but make them pay a minimum tax of 7% to 35% regardless of the number of deductions, exemptions and exclusions they are able to claim. The proposals also make a modest start at doing away with at least a few of the most abused tax shelters. There would be a \$15,000 limit on the write-off of nonfarmers' losses on "hobby farms," and estate taxes would be tightened by taxing gifts before death at the same rate as bequests, and imposing a capital gains inheritance tax on the increased value of property held until death.

The Nixon administration Treasury does not buy all of the "Surrey package," for reasons that command a respectful hearing. However politically attractive it may seem, there are grounds, for example, for questioning the "minimum tax" of the rich. On one hand, it is a weak substitute for direct action to amend or abolish exemptions and deductions which may originally have been put into the tax code to serve some national interest, but no longer do. Introducing a substitute "minimum tax" to partially cover such inequities merely perpetuates them, and smacks too much of piling exceptions onto exceptions, instead of changing rules. This is the familiar method which created so much of our tax morass in the first place.

And other exceptions, which the rich and hundreds of thousands of not-so-rich take advantage of, exist for good reasons. These include tax-free interest on bonds issued by the hard-pressed states and municipalities (which otherwise would have a harder time raising money) and capital gains taxation rates, which provide a profitable incentive to investment and business growth. Such provisions should be treated differently from much criticized tax deductions like the 27½% "oil depletion" allowance, which is

excessive and should gradually be staged down to a more reasonable figure, perhaps 15%. Politics being what it is, during the campaign Nixon declared for maintaining the 27½%.

"Tax angles"—and the higher basic tax rate needed to compensate for them—have become a way of economic life in the U.S. They distort investment and other business decision-making, often discouraging initiative and innovation and undermining public faith in the tax system as a whole. The Nixon administration is right to be skeptical of a "minimum tax" that is a mere cosmetic for tax angles. But it would be wrong to dilly-dally like its predecessors over doing something about the tax angles themselves.

Some obvious measures of tax reform—such as the sensible tightening of estate taxes proposed by Surrey—could be enacted in this Congress. There should also be an early Administration start on a more equitable and less complex tax structure, as the proper prelude for consideration of such interesting Nixon taxation proposals as ghetto tax incentives and federal-state revenue sharing. It is also the way to prepare efficiently to meet the heavy domestic revenue needs that will face us after the Vietnam war.

#### FORESTERS AND THE JOB CORPS

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

Mr. SAYLOR. Mr. Speaker, I recently had the privilege of speaking before the Washington section of the Society of American Foresters to discuss the subject of the Job Corps. I include my oral remarks to the group in the RECORD for the information of my colleagues:

#### FORESTERS AND THE JOB CORPS

I would like to talk to you for just a few moments on a matter about which I feel very deeply. I think it concerns you not only in your occupation as foresters, or as representatives of other agencies of the Government, but as individuals and citizens of this great country of ours.

As we sit around this room, we are all too prone, I am sure, to think of others as having had the same opportunities to develop as we have. Whether you realize it or not, there are many people in this country who have never had the opportunities given to us, and some of them who have had the opportunity have never made the most of it.

Under our educational system every young man and woman has to go to school. This system, moreover, is not designed to take care of those who are not as well equipped as we. Yes, they get out of the first, second, and third grades and move on to the fourth, fifth, and higher grades because they are too big for the seats. The laws in almost every State say that you must go to school. Many of these people have high school certificates, just the same as yours and mine. I hope it will come as a shock to you to realize that many of these young men and young women cannot read or write. How do they get through high school? They don't—the system shoves them through and out. A number of years ago, it was decided that we should make an effort to attract and salvage some of these people—the so-called poverty program.

When the program was initially established, there was one thing that wasn't wanted. That was the Civilian Conservation Corps. However, there weren't enough votes up on Capitol Hill on the House side to pass the Economic Opportunity Act without the support of some of us who felt that we had to have the CCC as a real element in trying to salvage human beings. I confronted

Sargent Shriver and got turned down. But after about two weeks he suddenly discovered he didn't have enough votes to pass that bill. So he asked me to prepare sections for it which became the CCC. I didn't do it alone. I had lots of help. But when the Economic Opportunity Act was passed, it contained this CCC provision.

The Civilian Conservation Centers are under several fine agencies. One is the Forest Service, and another is the Park Service. I would like to say that those men who have taken themselves away from the usual jobs of forestry and instead of salvaging timber are salvaging human beings, are dedicated men who are making just as big a contribution to society as those who are doing the regular forestry job. I sincerely believe it is a part of your job as foresters and citizens to carry the story of what you are doing to as many people as you can.

The Forest Service Chief and I went down to visit a camp, and I would like to review a few of the little things of the trip because this program is in trouble. We saw a grown young man, 21 years old, sitting in a little cubicle with two or three others, and with a teacher, trying to learn the ABC's. And that young man was trying as hard as though he was cutting down a tree in a forest. There were beads of perspiration on his face as he tried to master the simple things which we take so much for granted. I looked at him and asked him where he came from. He told me Louisiana. I said to the young man, "What's the biggest thing you would like to do?" With a smile on his face that I shall never forget he said, "Sir, I would love to be able to write a letter to my father and mother back in Louisiana." Then he said, "After I wrote the letter and mailed it, I would like to take a couple of days off and go home and read it to them."

Now, you know what you have to work with in the Camps—the dropouts, the cast-offs, the ones who have been written off by society up to now as complete failures. I am sure that you have seen the statistics that have come out. Well, I'd like to tell you something about some of these statistics that the Forest Service and the Park Service have to put up with. These boys who are the camp residents come from under-privileged families—all handicapped young men. Many of them come there with a chip on their shoulder, mad at the world; many of them never had a suit of clothes; many come with shoes on that don't match; and many have never been out of the sight of New York, Philadelphia, Baltimore, or Washington. They've never seen an area where there is nothing but green. They have never been privileged to know from first hand that out there in those woods are other of God's creatures—the deer, the bear, the owl. Imagine yourself never having heard an owl in your life and you're away from home for the first time with no friends at all, and outside, as you sleep under a blanket and sheets for the first time in your life, you hear WHO-OO-O WHO-OO-O. Can't you imagine what would happen? You would be scared to death! Many of them get up the next day and leave. Now those who leave are charged to you just as though they had stayed for the full period. This is one of the things that makes me perturbed.

But look at the young men who stay and finish their work. Among other things, they now know that you can eat with a knife and fork. It is hard to believe that in this great land some people don't know how to eat with a knife and fork. Some didn't even know what butter was. They put mayonnaise on bread because it was cheaper and easier to spread. They never had any idea how people cooked. One young man told me he never remembered having a warm meal in his life. These are the kind of people you are working with, people who need help.

Suddenly, these people begin to realize that maybe they haven't been passed over completely, that maybe there is an opportunity for them. You who work with these young men have discovered new educational techniques and I'll tell you how good they are. They are so good that the people in the educational field are coming now to the Forest Service and the Park Service and saying, "Give us these techniques so that we can try them in the public schools."

The young men in the camps are being given a chance now to look out and to look up. What does it mean? In the camp the Chief I and went to, the Corpsmen have suddenly realized that communities in the area have things that need to be done. You have taught them certain things to do and they now ask, "Is there any place we can put what we have learned to work in our spare time?" These young men are forming groups and going out to the communities surrounding the camps. They are actually doing for others the things they learned to do themselves.

The program has been in operation for a few years. Many of those who have been in the camps now have jobs. They are now wage earners and taxpayers. I am sure there are some people up on Capitol Hill who say it costs more to put a boy in a Job Corps camp than it does to send him to Harvard. And I agree with them. But let me tell you that they go to Harvard only if their parents can afford to send them there. They have the background and ability to handle that. But to give these disadvantaged young men, some of whom live in your community, the opportunity not to be dependent on society for the rest of their lives is something I think we owe to ourselves, to them, and to society.

So I would like to leave a challenging task with you today. I'd like you, in your contacts with those up on Capitol Hill, and those you come in contact with throughout your career, to make known that this is one part of the poverty program that must be continued.

President Johnson, just before he left Washington, said he was sorry that the poverty program hadn't accomplished the things he had intended it to, but the one shining light in the entire program was the Job Corps. And it is only because people like Ed Cliff and Director George Hartzog of the Park Service, insisted that their people be the ones to handle it. I don't know what the present Administration is going to do, but one thing that must be continued is this great work to which many of you are dedicated. We live in a Christian community.

I remember the story that the good Lord used which I think applies here. He told of the shepherd who had 100 sheep. Ninety-nine were in the fold, but one was lost. So he left his flock, and he was so happy when he found the lost one and brought it back to the other 99. That is just what you in the Forest Service, Park Service and other conservation agencies are doing to human beings in the Job Corps CCC program.

#### PETER F. DRUCKER ON GOVERNMENT

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

Mr. SAYLOR. Mr. Speaker, in the current issue of Nation's Business, Peter F. Drucker in "The Sickness of Government," excerpts some of his conclusions on the state of the governing art from his new book, "The Age of Discontinuity." His critique of our Federal Government is a stinging rebuttal to those who believe

that all the Nation's real and supposed ills can be solved by the influx of more taxpayer money and more Government programs. He says:

There is mounting evidence that government is big rather than strong; that it is fat and flabby rather than powerful; that it costs a great deal but does not achieve much.

But the sad and alarming part of Drucker's analysis of our Government is:

There is mounting evidence also that the citizen less and less believes in government and is increasingly disenchanted with it. Indeed, government is sick—and just at the time when we need a strong, healthy, and vigorous government.

If the writer is right—and I have a large stack of mail in my office every morning that would indicate that he is—then it seems incumbent upon us to do something to restore all citizens' faith in their governmental institutions. The book and article, coming as it does prior to the income tax deadline, and just before a probable decision by the administration to extend the surtax, is particularly worthy of our examination. We must do something about the load the taxpayer is carrying; moreover, we must convince the taxpayer that we are capable of reversing the trends of government so ably and graphically pointed out by Mr. Drucker.

On March 24, a Wall Street Journal editorial commented on the Drucker book and pointed out that too many people, in too many countries, have had a sort of love affair with government over the years. The article points out that the result of this love affair is the size of our Government.

But the most critical result of the love affair, and thus the size of the Government, is not that the Government is inherently incapable of doing all the things it promises, but that, with the acquisition of so much power over so many aspects of our citizen's lives, people feel completely enveloped and helpless against the power that is arrayed before them.

The Journal editorial concluded with this hopeful and theoretically correct statement:

When people get sufficiently disenchanted with an institution, they are not powerless to change it.

For the sake of the future of our country and our Government, I sincerely hope the Journal's assessment is right.

But, I think it is important to point out that the most insidious manifestation of the size of the Government that we have today is not that it manages badly, nor that it cannot produce what the people believe it can produce, but that the size and complexity of the Government has become so encompassing, and frankly, so frightening, that the average citizen knows not where to begin to turn to change the institutions.

Of course the citizen has "part" of an opportunity to change the process once every 2 years, and this is the only reason why the Government of which Drucker speaks has not turned into a complete monster. But still, even after election after election, when the Government continues to grow and grow, is it any wonder that John Q Citizen be-

comes to flag in his faith that he has any power over the institution.

The responsibility and the opportunity for making the changes necessary to the reestablishment of our citizens' faith in his governmental institutions rests solidly with the House. There simply is no place else the people can go. Unless we in this body bring about the changes in the all-encompassing nature of government, the helplessness and frustration of our citizens will explode and the institutions we cherish will topple. Our first responsibility is to the concept of a representative republic; we must not allow the institutions created to carry out this responsibility to become more than that.

I include these two articles as part of my remarks at this point in the RECORD:

[From Nation's Business, March 1969]

#### THE SICKNESS OF GOVERNMENT

(By Peter F. Drucker)

(Peter F. Drucker is among America's best-known experts on management and other business problems. The author of a string of books and articles, including a number of contributions to Nation's Business, he has been professor of management at New York University's Graduate School of Business since 1950. Austrian-born, and educated in England and Austria, he has been a foreign correspondent, an economist for an international bank in London, an economist for a group of British banks and insurance companies in the United States—he came to the U.S. in 1937—and a management consultant to several large American and foreign companies. His books include "The New Society," "The Effective Executive," "The Practice of Management," "America's Next 20 Years," "Landmarks of Tomorrow" and "Managing for Results.")

Government surely has never been more prominent than today. The most despotic government of 1900 would not have dared probe into the private affairs of its citizens as income tax collectors now do routinely in the freest society. Even the Czar's secret police did not go in for the security investigations we now take for granted. Nor could any bureaucrat of 1900 have imagined the questionnaires that governments now expect businesses, universities, or citizens to fill out in ever-mounting number and ever-increasing detail.

At the same time, government has everywhere become the largest employer.

Government is certainly all-pervasive. But is it truly strong? Or is it only big?

There is mounting evidence that government is big rather than strong; that it is fat and flabby rather than powerful; that it costs a great deal but does not achieve much. There is mounting evidence also that the citizen less and less believes in government and is increasingly disenchanted with it. Indeed, government is sick—and just at the time when we need a strong, healthy, and vigorous government.

There is certainly little respect for government among the young—and even less love. But the adults, the taxpayers, are also increasingly disenchanted. They still want more services from government. But they are everywhere approaching the point where they balk at paying for a bigger government, even though they may still want what government promises to give.

In the 70 years or so from the 1890's to the 1960's, mankind, especially in the developed countries, was hypnotized by government. We were in love with it and saw no limits to its abilities, or to its good intentions.

Anything anyone felt needed doing during this period was to be turned over to gov-

ernment—and this, everyone seemed to believe, made sure that the job was already done.

The love affair with government became general with World War I when government, using taxation and the printing press, mobilized resources way beyond what anyone earlier would have thought possible. The German war economy, the War Production Board in the United States, and the United States propaganda machine dazzled contemporaries. It convinced them that government could do anything.

When the Great Depression hit a decade later, everybody immediately turned to government as the savior. It is pathetic to recall the naive belief that prevailed in the late '30's.

World War II reinforced this belief. Again government proved itself incredibly effective in organizing the energies of society for warfare.

#### A TIME OF DISENCHANTMENT

But now our attitudes are in transition. We are rapidly moving to doubt and distrust of government and, in the case of the young, even to rebellion against it. We still, if only out of habit, turn social tasks over to government. We still revise unsuccessful programs over and over again, and assert that nothing is wrong with them that a change in procedures or "competent administration" will not cure.

But we no longer believe these promises when we reform a bungled program for the third time.

Who, for instance, believes any more that administrative changes in the foreign aid program of the United States (or of the United Nations) will really produce rapid worldwide development? Who really believes that the War on Poverty will vanquish poverty in the cities?

We still repeat the slogans of yesteryear. Indeed, we still act on them. But we no longer believe in them. We no longer expect results from government.

What explains this disenchantment with government?

We expected miracles—and that always produces disillusionment. Government, it was widely believed (though only subconsciously), would produce a great many things for nothing. Cost was thought a function of who did something rather than of what was being attempted.

There is little doubt, for instance, that the British in adopting the "free health service" believed that medical care would cost nothing. All the health service is and can be is, of course, "prepaid" medical care. Nurses, doctors, hospitals, drugs, and so on have to be paid for by somebody. But everybody expected this "somebody" to be somebody else. At the least, everyone expected that under a "free" health service the taxes of the rich would pay for the health care of the poor.

This is not an argument against such services. A mass basis is the only way to finance what everyone should have. Nor are such services necessarily inefficient. But they are not "free"—and their cost is inevitably high, since they have to provide for contingencies and benefits for everyone even though only a minority may ever require a particular benefit.

All such plans are, in effect, taxation and compulsory saving that force the individual to pay for something whether he wants it or not. This is their whole rationale. But obvious though this may seem, the illusion that government could somehow make costs go away and produce a great deal for nothing was almost universal during the last half-century.

This belief was, in effect, only the facet of a much more general illusion from which the educated and the intellectuals in particular suffered: that by turning tasks over to government, conflict and decision would be made to go away.

Once the "wicked private interests" had been eliminated, the right course of action would emerge from the "facts," and decision would be rational and automatic. There would be neither selfishness nor political passion. Belief in government was thus largely a romantic escape from politics and responsibility.

#### REJECTION OF RESPONSIBILITY

One root of this argument was hatred of business, of profit and, above all, of wealth. Another—more dangerous—root was the rejection of responsibility and decision that played such a major role in the rise of Fascism and Nazism and in their attraction for so many otherwise sane people.

That motives other than the desire for monetary gain could underlie self-interests and that values other than financial values could underlie conflict, did not occur to the generation of the '30's. Theirs was a world in which economics seemed to be the one obstacle to the millennium.

One need not be in favor of free enterprise—let alone a friend of wealth—to see the fallacy in this argument. But reason had little to do with the belief in government ownership as the panacea. The argument was simply: "private business and profits are bad—ergo government ownership must be good." We may still believe in the premise; but we no longer accept the ergo of government ownership.

There is still a good deal of resistance to the responsibility of politics and resentment of the burden of decision. Indeed, the young today want to drop out altogether—in a frightening revival of the hostility to responsibility that made the younger generation of 40 years ago so receptive to totalitarian promises and slogans.

But no one, least of all the young, believes any more that the conflicts, the decisions, the problems would be eliminated by turning things over to government. Government, on the contrary, has itself become one of the wicked "vested interests" for the young. And few even of the older generation expect any more than the political millennium will result in government control.

In fact, most of us today realize that to turn an area over to government creates conflict, creates vested and selfish interests, and complicates decisions. We realize that to turn something over to government makes it political instead of abolishing politics.

When the garbage collectors went on strike against the City of New York in the winter of 1968, many good liberals seriously proposed turning garbage collection over to "free enterprise" to "ease the tension."

But the greatest factor in the disenchantment with government is that government has not performed. The record over these last 30 or 40 years has been dismal. Government has proved itself capable of doing only two things with great effectiveness. It can wage war. And it can inflate the currency.

Other things it can promise but only seldom accomplish.

The greatest disappointment, the great letdown, is the fiasco of the welfare state. Not many people would want to do without the social services and welfare benefits of an affluent modern industrial society. But the welfare state promised a great deal more than to provide social services.

It promised to create a new and happy society. It promised to release creative energies. It promised to do away with ugliness and envy and strife. No matter how well it is doing its jobs—and in some areas in some countries some jobs are being done very well—the welfare state turns out at best to be just another big insurance company.

#### THE BEST IS MEDIOCRE

The best we get from government in the welfare state is competent mediocrity. More often we do not even get that; we get in-

competence such as we would not tolerate in an insurance company.

In every country there are big areas of government administration where there is no performance whatever—only costs. This is true not only of the mess of the big cities, which no government—United States, British, Japanese, or Russian—has been able to handle. It is true in education. It is true in transportation.

And the more we expand the welfare state the less capable even of routine mediocrity does it seem to become.

I do not know whether Americans are particularly inept at public administration—though they are hardly particularly gifted for it. Perhaps we are only more sensitive than other people to incompetence and arrogance of bureaucracy because we have had, until recently, comparatively so much less of it than other people.

But no matter how bad others might be, it is hard to conceive anything more chaotic than the huge, blundering, disorganized establishment of an American embassy even in a small country—both totally unmanaged and totally overadministered.

During the past three decades, federal payments to the big cities have increased almost a hundred-fold for all kinds of programs. But results from the incredible dollar flood into the cities are singularly unimpressive.

What is impressive is the administrative incompetence. We now have 10 times as many government agencies concerned with city problems as we had in 1939. We have increased by a factor of a thousand or so the number of reports and papers that have to be filled out before anything can be done in the city.

Social workers in New York City spend some 70 or 80 per cent of their time filling out papers; for Washington, for the state government in Albany, and for New York City. No more than 20 or 30 per cent of their time, that is about an hour and a half a day, is available for their clients, the poor.

As James Reston reported in the *New York Times* Nov. 23, 1966, there were then 170 different federal aid programs on the books, financed by over 400 separate appropriations and administered by 21 federal departments and agencies aided by 150 Washington bureaus and over 400 regional offices.

One congressional session alone passed 20 new health programs, 17 new educational programs, 15 new economic development programs, 12 new programs for the cities, 17 new resources development programs, and four new manpower training programs, each with its own administrative machinery.

This is not perhaps a fair example—even of American administrative incompetence. That we speak of "urban crisis" when we face a problem of race, that is, of the conscience, explains a lot of our troubles. Even the stoutest advocate of the welfare state never expected fundamental problems of conscience to yield to social policy and effective administration (though he probably would have argued that there are no "problems of conscience" and that everything is a "social problem" and, above all, a matter of spending money).

But in other areas, the welfare state does not perform much better.

Nor is the administrative mess a peculiarly American phenomenon. The press in Great Britain, in Germany, in Japan, in France, in Scandinavia—and increasingly in the communist countries as well—reports the same confusion, the same lack of performance, the same proliferation of agencies, of programs, of forms, and the same triumph of accounting rules over results.

#### UNGOVERNABLE GOVERNMENT

Modern government has become ungovernable. There is no government today that can still claim control of its bureaucracy and of its various agencies. Government

agencies are all becoming autonomous, ends in themselves, and directed by their own desire for power, their own rationale, their own narrow vision rather than by national policy and by their own boss, the national government.

This is a threat to the basic capacity of government to give direction and leadership. Increasingly, policy is fragmented and policy direction becomes divorced from execution.

Execution is governed by the inertia of the large bureaucratic empires, rather than by policy. Bureaucrats keep on doing what their procedures prescribe. Their tendency, as is only human, is to identify what is in the best interest of the agency with what is right, and what fits administrative convenience with effectiveness.

As a result the welfare state cannot set priorities. It cannot concentrate its tremendous resources, and therefore does not get anything done.

The great achievement of the modern state, as it emerged in the Seventeenth and Eighteenth Centuries, was unified policy control. The great constitutional struggles of the last 300 years were over the control powers of the central government in a united and unified nation. But this political organ, no matter how it is selected, no longer exercises such control.

Even the President of the United States cannot direct national policy any more. The various bureaucracies do much what they want to do.

This growing disparity between apparent power and actual lack of control is perhaps the greatest crisis of government. We are very good at creating administrative agencies. But no sooner are they called into being than they become ends in themselves, acquire a "vested right" to grants from the Treasury and to continuing support by the taxpayer, and achieve immunity to political direction.

No sooner, in other words, are they born than they defy public will and public policy.

The crisis of government domestically is nothing compared to the crisis of government as an effective organ in international life. In the international arena government has all but disintegrated.

The "sovereign state" no longer functions as the effective organ for political tasks. This is not happening, as the liberals would like to believe, because a political world community has transcended the narrow, petty boundaries of national states.

On the contrary, the national state is everywhere in danger of collapsing into petty, parochial baronies—whether French Canada or an independent Flanders, Biafra in West Africa or Scots nationalism.

At the other end we have the "superpowers" whose very size and power debar them from having a national policy. They are concerned with everything, engaged everywhere, affected by every single political event no matter how remote or petty.

But policy is choice and selection. If one cannot choose not to be engaged, one cannot have a policy—and neither the United States nor Russia can, in effect, say: "We are not interested."

The "superpowers" are the international version of the welfare state, and, like the welfare state, incapable of priorities or of accomplishments.

Decisions are also no longer effective. No longer can they be expected to be carried out. In the international sphere we have the same divorce of policy from execution that characterizes domestic government.

We get more and more and more governments. But all this does is increase costs. For each of these sovereignties has to have its own foreign service, its own armed forces, and so on. With a multiplication of government agencies and costs has gone a steady decrease in effectiveness.

And no government, whether its territory spans the continents or is smaller than one city block, can any longer discharge the first duty of government: protection from, and defense against, attack from outside.

This may be regarded as gross exaggeration. It certainly is not the picture the older generation still sees. But it is, increasingly, the reality. It is the situation to which we react.

And the young people, who are not, as we older ones are, influenced by the memories of our love affair with government, see the monstrosity of government, its disorganization, its lack of performance, and its impotence rather than the illusions the older generation still cherishes and still teaches in the classroom.

#### NEVER NEEDED MORE

Yet never has strong, effective, truly performing government been needed more than in this dangerous world of ours. Never has it been needed more than in this pluralist society of organizations. Never has it been needed more than in the present world economy.

We need government as the central institution in the society of organizations. We need an organ that expresses the common will and the common vision and enables each organization to make its own best contribution to society and citizen and yet to express common beliefs and common values.

The answer to diversity is not uniformity. The answer is unity. We cannot hope to suppress the diversity of our society. Each of the pluralist institutions is needed. Each discharges a necessary economic task.

Their task makes them autonomous whether this is admitted by political rhetoric or not. We therefore have to create a focus of unity. This can only be provided by strong and effective government.

This is even more apparent in the developing, the poor countries than it is in the developed countries of Europe, North America, and Asia. Effective government is a prerequisite of social and economic growth.

We cannot wait until we have new political theory or until we fully understand this pluralist society of ours. We will not recreate the beautiful "prince charming" of government, but we should be able to come up with a competent, middle-aged professional who does his work from nine to five, and does it well—and who, at least, is respected as a "good provider," though the romance has long gone out of him.

In the process, government may shed the megalomania that now obsesses it, and learn how to confine itself to realistic goals and to cut its promises to its capacity to deliver.

Certain things are inherently difficult for government. Being by design a protective institution, it is not good at innovation. It cannot really abandon anything.

The moment government undertakes anything, it becomes entrenched and permanent. Better administration will not alter this. Its inability to innovate is grounded in government's legitimate and necessary function as society's protective and conserving organ.

The inability of government to abandon anything is not limited to the economic sphere. We have known for well over a decade, for instance, that the military draft that served the United States well in a total war is immoral and demoralizing in a "cold war" or "limited war" period. Yet we extend it year after year on a "temporary" basis.

Government is under far greater pressure to cling to yesterday than any other institution. Indeed the typical response of government to failure of an activity is to double its budget and staff.

Nothing in history, for instance, can compare in futility with those prize blunders of the American government, its welfare poli-

cies and its farm policies. Both policies are largely responsible for the disease they are supposed to cure. We have known this for quite some time—in the case of the farm program since before World War II, in the case of the welfare program certainly since 1950.

The problem of the urban poor is undoubtedly vast. No city in history has ever been able to absorb an influx of such magnitude as the American cities have had to absorb since the end of World War II.

But we certainly could not have done worse if we had done nothing at all. In fact, the Nineteenth Century cities that did nothing did better. And so, these last 20 years, has São Paulo in Brazil, which, inundated by similar floods of rural, illiterate Negroes fresh from serfdom, did nothing—and is in better shape than New York City.

Our welfare policies were not designed to meet this problem. They were perfectly rational—and quite effective—as measures for the temporary relief of competent people who were unemployed only because of the catastrophe of the Great Depression. Enacted in the mid-30's, the relief policies had essentially finished their job by 1940.

But being government programs they could not be abandoned. Far too massive a bureaucracy had been built. The emotional investment in these programs and in their slogan had become far too great. They had become "symbols" of the New Deal.

Small wonder, then, that we reached for them when the entirely different problem of the '50's arose; that is, when the rural Negro moved into the core city in large numbers.

And small wonder that these programs did not work, that instead they aggravated the problem and increased the helplessness, the dependence, the despair of the Negro masses. For the rural Negro was not competent to manage if only given a job; he was not trained; and he was not already settled in the city in a stable family unit.

But all we could do when relief failed to relieve was to double the budget and to double the number of people engaged in filling out forms. We could not detach ourselves from the program. We could not ask: "What is the problem, and what needs to be done?"

The farm program tells the same story. It was designed—also in the '30's—to save the family farmer and to restore his economic and social health. Instead it has subsidized his replacement by large, heavily capitalized, and highly productive "industrial farms."

This may well be a more desirable result than the one the farm program has meant—and is still meant—to produce. But it was an abysmal failure in terms of the program's announced objectives. Yet again, to everybody's pained surprise, increasing the budget has only speeded up the disappearance of the family farm.

#### GOVERNMENT MANAGES POORLY

This is not to say that all government programs are wrong, ineffectual or destructive—far from it. But even the best government program eventually outlives its usefulness. And then the response of government is likely to be: "Let's spend more on it and do more of it."

Government is a poor manager. It is, of necessity, concerned with procedure, for it is also, of necessity, large and cumbersome. Government is also properly conscious of the fact that it administers public funds and must account for every penny. It has no choice but to be "bureaucratic"—in the common usage of the term.

Whether government is a "government of laws" or a "government of men" is debatable. But every government is, by definition, a "government of forms." This means, inevitably, high cost. For "control" of the last 10 percent of phenomena always costs more than control of the first 90 percent. If control

tries to account for everything it becomes prohibitively expensive. Yet this is what government is always expected to do.

The reason is not just "bureaucracy" and red tape; it is a much sounder one. A "little dishonesty" in government is a corrosive disease. It rapidly spreads to infect the whole body politic. Yet the temptation to dishonesty is always great. People of modest means and dependent on a salary handle very large public sums. People of modest position dispose of power and award contracts and privileges of tremendous importance to other people. To fear corruption in government is not irrational.

This means, however, that government "bureaucracy"—and its consequent high costs—cannot be eliminated. Any government that is not a "government of forms" degenerates rapidly into a mutual looting society. The generation that was in love with the state 30 and 40 years ago believed fondly that government would be economical. Eliminating the "profit motive" was thought to reduce costs. This was poor economics, to begin with. If there is competition, profit assures accomplishment of a task at the lowest cost.

This was, of course, known to the economists of 30 or 40 years ago. But the inherent wastefulness of government had yet to be demonstrated.

The politician's attention does not go to the 90 percent of money and effort that is devoted to existing programs and activities. They are left to their own devices and to the tender mercies of mediocrity.

Politics—rightly—is primarily concerned with "new programs." It is concerned with whatever is politically "hot." It is focused on crises and problems and issues. It is not focused on doing a job.

Politics, whatever the form of government, is not congenial to managerial organization and makes government slight managerial performance.

In government, loyalty is more important than performance, and has to be. Whatever the system—and in this respect there is little difference between Presidential America, Parliamentary England, and Politburo Russia—the first question is "Whose man is he?"

After that, and long before performance, come party allegiance and connections. In fact the man who does well but belongs to the wrong faction, or gives allegiance to the wrong person, is a major threat to the people in power.

#### WAYS TO BECOME MORE EFFICIENT

We can—and must—greatly improve the efficiency of government.

There is little reason these days to insist on "100 per cent audit," for instance. Modern sampling methods based on probability mathematics actually give us better control by inspecting a small percentage of the events.

We may even, one day, hope to get approval on the part of legislature, and understanding by the public, that no system as large as government can or should work at 100 per cent efficiency. An aim of 92 per cent performance is more realistic and can be attained at much lower cost.

We may even get acceptance by government of the principle of management by exception, in which we only audit where results deviate significantly from expectation, although experienced administrators in government may smile at such utopian naïvete.

We need something much more urgently: the clear definition of the results a policy is expected to produce, and the ruthless examination of results against these expectations.

We need to be forced to admit at an early stage that the relief policies or the farm policies of the United States government do not produce the intended benefits. This demands that we spell out in considerable

detail what results are expected rather than content ourselves with promises and manifestos.

We may have to develop an independent government agency that compares the results of policies against expectations and that, independent of pressures from the Executive as well as from the Legislative branches, reports to the public any program that does not deliver.

Robert McNamara's "cost/effectiveness" for the programs and policies of the American military forces may have been the first step in the development of such a new organ. And that President Johnson introduced cost/effectiveness into all United States government agencies may be one of the most significant events in American administrative history.

We may even go further—though only a gross optimist would expect this today. We may build into government an automatic abandonment process.

Instead of starting with the assumption that any program, any agency, and any activity is likely to be eternal, we might start out with the opposite assumption: that each is short-lived and temporary. We might, from the beginning, assume that it will come to an end within five or 10 years unless specifically renewed.

And we may discipline ourselves not to renew any program unless it has the results that it promised when first started. We may, let us hope, eventually build into government the capacity to appraise results and systematically to abandon yesterday's tasks.

Yet such measures will still not convert government into a "doer." They will not alter the main lesson of the last 50 years: *government is not a "doer."*

#### BUSINESS: A REAL DOER

The purpose of government is to make fundamental decisions, and to make them effectively. The purpose of government is to focus the political energies of society. It is to dramatize issues. It is to present fundamental choices.

The purpose of government, in other words, is to govern.

This, as we have learned in other institutions, is incompatible with "doing." Any attempt to combine governing with "doing" on a large scale, paralyzes the decision-making capacity. Any attempt to have decision-making organs actually "do," also means very poor "doing." They are not focused on "doing." They are not equipped for it. They are not fundamentally concerned with it.

There is good reason today why soldiers, civil servants, and hospital administrators look to business management for concepts, principles, and practices.

For business, during the last 30 years, has had to face, on a much smaller scale, the problem which modern government now faces: the incompatibility between "governing" and "doing."

Business management learned that the two have to be separated, and that the top organ, the decision maker, has to be detached from "doing." Otherwise he does not make decisions, and the "doing" does not get done either.

In business this goes by the name of "decentralization." The term is misleading. It implies a weakening of the central organ, the top management of a business.

The purpose of decentralization as a principle of structure and constitutional order is, however, to make the center, the top management of a business, strong and capable of performing the central, and top-management, task.

The purpose is to make it possible for top management to concentrate on decision making and direction by sloughing off the "doing" to operating managements, each with its own mission and goals, and with its own sphere of action and autonomy.

If this lesson were applied to government,

the other institutions of society would then rightly become the "doers." "Decentralization" applied to government would not be just another form of "federalism" in which local rather than central government discharges the "doing" tasks.

It would rather be a systematic policy of using the other, the nongovernmental institutions of the society of organizations, for the actual "doing," i.e., for performance, operations, execution.

#### REPRIVATIZATION

Such a policy might be called "reprivatization." The tasks which flowed to government in the last century because the original private institution of society, the family, could not discharge them, would be turned over to the new, nongovernmental institutions that have sprung up and grown these last 60 to 70 years.

Government would start out by asking the question: "How do these institutions work and what can they do?"

It would then ask: "How can political and social objectives be formulated and organized in such a manner as to become opportunities for performance for these institutions?"

It would also ask: "And what opportunities for accomplishment of political objectives do the abilities and capacities of these institutions offer to government?"

This would be a very different role for government from the one it plays in traditional political theory. In all our theories government is the institution. If "reprivatization" were to be applied, however, government would become *one* institution, albeit the central, the top, institution.

Reprivatization would give us a different society from any our social theories now assume. In these theories government does not exist. It is outside of society. Under reprivatization government would become the central social institution.

Political theory and social theory, for the last 250 years, have been separate. If we applied to government and to society what we have learned about organization these last 50 years, the two would again come together.

The nongovernmental institutions—university, business, and hospital, for instance—would be seen as organs for the accomplishment of results. Government would be seen as society's resource for the determination of major objectives, and as the "conductor" of social diversity.

I have deliberately used the term "conductor." It might not be too fanciful to compare the situation today with the development of music 200 years ago. The dominant musical figure of the early Eighteenth Century was the great organ virtuoso, especially in the Protestant north. In organ music, as a Buxtehude or a Bach practiced it, one instrument with one performer expressed the total range of music. But as a result, it required almost superhuman virtuosity to be a musician.

By the end of the century, the organ virtuoso had disappeared. In his place was the modern orchestra.

There each instrument played only one part, and a conductor up front pulled together all these diverse and divergent instruments into one score and one performance.

As a result, what had seemed to be absolute limits to music suddenly disappeared.

The conductor himself does not play an instrument. He need not even know how to play an instrument. His job is to know the capacity of each instrument and to evoke optimal performance from each. Instead of being the "performer," he has become the "conductor." Instead of "doing," he leads.

The next major development in politics, and the one needed to make this middle-aged failure—our tired, overextended, flabby, and impotent government—effective again,

might therefore be reprivatization of the "doing," the performance of society's tasks.

Government would become increasingly the decision maker, the vision maker, the political organ. It would try to figure out how to structure a given political objective so as to make it attractive to one of the autonomous institutions. It would, in other words, be the "conductor" who tries to think through what each instrument is best designed to do.

And just as we praise a composer for his ability to write "playable" music, which best uses the specific performance characteristic of French horn, violin, or flute, we may come to praise the lawmaker who best structures a particular task so as to make it most congenial for this or that of the autonomous, self-governing private institutions of pluralist society.

Business is likely to be only one, but a very important, institution in such a structure.

#### CREATED TO CREATE

What makes business particularly appropriate for reprivatization is that it is predominantly an organ of innovation; of all social institutions, it is the only one created for the express purpose of making and managing changes. All other institutions were originally created to prevent, or at least to slow down, change. They become innovators only by necessity and most reluctantly.

Specifically business has two advantages where government has major weaknesses. Business can abandon an activity. Indeed, it is forced to do so if it operates in a market—and even more if it depends on a market for its supply of capital.

There is a point beyond which even the most stubborn businessman cannot argue with the market test, no matter how rich he may be himself. Even Henry Ford had to abandon the Model T when it no longer could be sold. Even his grandson had to abandon the Edsel.

What is more: of all our institutions, business is the only one that society will let disappear.

Precisely because business can make a profit, it must run the risk of loss.

This risk, in turn, goes back to the second strength of business: alone among all institutions it has a test of performance. No matter how inadequate profitability is, it is a test for all to see.

One can argue that this or that obsolete hospital is really needed in the community or that it will one day again be needed. One can argue that even the poorest university is better than none. The alumni or the community always has a "moral duty" to save "dear old Stwash."

The consumer, however, is unsentimental. It leaves him singularly unmoved to be told that he has a duty to buy the product of a company because it has been around a long time.

The consumer always asks: "And what will the product do for me tomorrow?" If the answer is "Nothing," he will see its manufacturer disappear without the slightest regret. And so will the investor.

This is the strength of business as an institution. It is the best reason for keeping it in private ownership. The argument that the capitalist should not be allowed to make profits is a popular one. But the real role of the capitalist is to be expendable. His role is to take risks and to take losses as a result.

This role the private investor is much better equipped to discharge than the public one. We want privately owned business precisely because we want institutions that can go bankrupt and can disappear. We want at least one institution that, from the beginning, is adapted to change, one institution that has to prove its right to survival again and again.

This is what business is designed for, pre-

cisely because it is designed to make and to manage change.

If we want a really strong and effective government, therefore, we should want businesses that are not owned by government. We should want businesses in which private investors, motivated by their own self-interest and deciding on the basis of their own best judgment, take the risk of failure.

The strongest argument of "private enterprise" is not the function of profit. The strongest argument is the function of loss. Because of it business is the most adaptable and the most flexible of the institutions around. It is the one that has a clear, even though limited, performance test. It is the one that has a yardstick.

Therefore, it is the one best equipped to manage. For if there is a yardstick for results, one can determine the efficiency and adequacy of efforts.

One can say in a business: "Our greatest profits are at a level where we control 95 per cent of the costs rather than where we control 99 per cent. Controlling and auditing the last 4 percent or 5 percent costs us much more than the profits from these marginal activities could ever be."

One cannot say this with respect to patient care in a hospital. One cannot say this with respect to instruction in a university.

And one cannot say this in any government agency. There one has to guess, to judge, to have opinions.

In a business one can measure. Business, therefore, is the most manageable of all these institutions, the one where we are most likely to find the right balance between results and the cost of efforts. It is the only institution where control need not be an emotional or a moral issue, where in talking "control" we discuss "value" and not "values."

Reprivatization is still vertical doctrine. But it is no longer heretical practice. Reprivatization is hardly a creed of "fat cat millionaires" when black-power advocates seriously propose making education in the slums "competitive" by turning it over to private enterprise, competing for the tax dollar on the basis of proven performance in teaching ghetto children.

It may be argued that the problems of the black ghetto in the American city are very peculiar problems—and so they are. They are extreme malfunctions of modern government. But, if reprivatization works in the extreme case, it is likely to work even better in less desperate ones.

#### INTERNATIONAL SPHERE, TOO

One instance of reprivatization in the international sphere is the World Bank. Though founded by governments, it is autonomous. It finances itself directly through selling its own securities on the capital markets. The International Monetary Fund, too, is reprivatization.

Indeed, if we develop the money and credit system we need for the world economy, we will have effectively reprivatized creation and management of money and credit which have been considered for millennia attributes of sovereignty.

Again business is well equipped to become the "doer" in the international sphere. The multinational corporation, for instance, is our best organ for rapid social and economic development through the "contract growing" of people and of capital. In the Communications Satellite Corp. (COMSAT) we are organizing worldwide communications (another traditional prerogative of the sovereign) as a multinational corporation.

And the multinational corporation may be the only institution equipped to get performance where the fragmentation into tribal splinter units such as the "ministates" of Equatorial Africa makes performance by government impossible.

But domestically as well as internationally

business is, of course, only one institution and equipped to do only one task, the economic one. Indeed it is important to confine business—and every other institution—to its own task.

Reprivatization will, therefore, entail using other nongovernmental institutions—the hospital, for instance, or the university—for other noneconomic "doing" tasks. Indeed the design of new nongovernmental, autonomous institutions as agents of social performance under reprivatization may well become a central job for tomorrow's political architects.

#### CHOICE WE FACE

We do not face a "withering away of the state." On the contrary, we need a vigorous, a strong, and a very active government. But we do face a choice between big but impotent government and a government that is strong because it confines itself to decision and direction and leaves the "doing" to others.

We do not face a "return of laissez faire" in which the economy is left alone. The economic sphere cannot and will not be considered to lie outside the public domain. But the choices for the economy—as well as for all other sectors—are no longer either complete government indifference or complete governmental control.

In all major areas we have a new choice in this pluralistic society of organizations: an organic diversity in which institutions are best used to do what they are best equipped to do. This is a society in which all sectors are "affected with the public interest," while in each sector a specific institution, under its own management and dedicated to its own job, emerges as the organ of action and performance.

This is a difficult and complex structure. Such symbiosis between institutions can work only if each disciplines itself to strict concentration on its own sphere, and to strict respect for the integrity of the other institutions.

Each, to use again the analogy of the orchestra, must be content to play its own part.

This will come hardest for government, especially after the last 50 years in which it had been encouraged in the belief of the Eighteenth Century organ virtuoso that it could—and should—play all parts simultaneously. But every institution will have to learn the same lesson.

Reprivatization will not weaken government. Indeed, its main purpose is to restore strength and performance capacity to sick and incapacitated government.

We cannot go much further along the road on which government has been traveling these last 50 years. All we can get this way is more bureaucracy but not more performance.

We can impose higher taxes but we cannot get dedication, support, and faith on the part of the public. Government can gain greater girth and more weight, but it cannot gain strength or intelligence.

All that can happen, if we keep on going the way we have been going, is a worsening sickness of government and growing disenchantment with it. And this is the prescription for tyranny, that is, for a government organized against its own society.

This can happen. It has happened often enough in history. But in a society of pluralist institutions it is not likely to be effective too long.

Ultimately we will need new political theory and probably very new constitutional law. We will need new concepts and new social theory.

Whether we will get these and what they will look like, we cannot know today. But we can know that we are disenchanting with government, primarily because it does not perform.

We can say that we need, in pluralist so-

cety, a government that can and does govern. This is not a government that "does"; it is not a government that "administers"; it is a government that governs.

[From the Wall Street Journal, Mar. 24, 1969]

#### THE GREAT DISENCHANTMENT

The "greatest factor in the disenchantment with Government is that Government has not performed."

So writes management expert Peter F. Drucker in his new book, "The Age of Discontinuity" (Harper & Row), and it is a type of observation that is becoming increasingly common. People of practically all political persuasions are expressing their unhappiness with Governmental performance, or non-performance.

Reflecting that view, the Nixon Administration would like to rely more on voluntary efforts, particularly in dealing with social problems. For our own part, these columns have long argued that the trouble with massive Government is not only the threat to political liberty it could pose but the demonstrable incompetence of so many of its undertakings.

Mr. Drucker puts it harshly but justly: "The record over these last 30 or 40 years has been dismal. Government has proved itself capable of doing only two things with great effectiveness. It can wage war. And it can inflate the currency. Other things it can promise but only rarely accomplish. . . . Whether private enterprise would have done worse is not even relevant. For we expected perfection from Government as industrial manager. Instead we only rarely obtained even below-average mediocrity."

This popular expectation of perfection seems pretty naive in retrospect, but there is no doubt many people in many countries did have a love affair with Government. Some were so incensed with manifestations of private greed and the apparent failure of the private economy in the Depression that they were confident Government ownership or control of everything would usher in utopia; bureaucrats would behave with only the public interest in mind. Such innocents were thus blind to human nature and especially to the human lust for power.

But why in fact is Government extremely inept in its economic and social programs?

One explanation offered by Mr. Drucker is that modern Government has grown so big it is ungovernable. Both policy and execution are fragmented. Agencies often go their own way, out of effective control and pursuing their own interests, not necessarily the public's.

Even apart from size, Governments are inherently ill-equipped for certain tasks. Mr. Drucker makes the interesting, and valid, point that since Governments are by design protective institutions, they are not good at innovation. Yet anything they do start they can hardly even abandon; a Governmental activity becomes built in to the political process. Obsessed with procedure and paperwork, Government makes a poor manager.

For a horrible example, the author mentions welfare policies intended to aid the urban poor. The taxpayer has poured untold billions into the cities, but "we certainly could not have done worse if we had done nothing at all."

A central aspect of this failure is that Government resorted to the welfare policies of the Thirties—measures for the temporary relief of competent people unemployed by the catastrophe of the Depression—to solve the quite different problem of the Fifties and Sixties, namely the unprecedented influx of millions of rural Negroes into the city cores.

Small wonder, writes Mr. Drucker, "that these programs did not work, that instead they aggravated the problem and increased the helplessness, the dependence, the despair of the Negro masses. . . . But all we could do when relief failed to relieve was to double the

budget and to double the number of people engaged in filling out forms."

The answer to Governmental incompetence, in his view, is first to restore to the State its proper functions—making fundamental decisions, focusing the political energies of society, in a word governing.

The actual carrying out of the nation's tasks would be largely left to nongovernmental institutions, not only business and labor but hospitals, universities and the rest. Without altering its primary purposes and motivations, business could be especially effective because it is the most adaptable and flexible of our institutions and therefore the one best equipped to manage.

All this may not sound very precise; moreover, accustomed as we are to the huge size and constant growth of Government, it may sound somewhat unrealistic. Yet it is surely the direction in which the nation should be moving. And it is encouraging that so many already agree about it in principle.

When people get sufficiently disenchanted with an institution, they are not powerless to change it.

#### CONVENTIONAL POWER

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

Mr. SAYLOR. Mr. Speaker, the national interest demands research to take sulfur out of coal instead of laws to take coal out of the energy market.

It is now obvious that the Department of Health, Education, and Welfare is advocating solutions in advance of problems by attempting to place premature and unsupported restrictions on coal use. Although medical science has not yet been able to determine safe levels of sulfur oxides in the air, HEW is urging limits that would outlaw combustion of all but the highest type fuels—those in shortest supply.

In 1962 the National Academy of Sciences-National Research Council reported to the White House that only a small fraction of total coal reserves is suitable to make metallurgical coke and that a control is needed whereby only noncoking coals are burned as fuels. The scarcity of metallurgical coal is, of course, common knowledge, yet HEW continues to persuade States to adopt laws forbidding the burning of coal below steel-making quality.

What are the alternative fuels? Natural gas resources are too limited to be wasted under electric plant boilers, and the House Committee on Government Operations has just reported that use of low sulfur distillate oil would more than double the cost of utility fuel.

The committee also observed that atomic energy is "not on tap as an instant substitute for high sulfur fuels." Actually, the shortage of uranium, high costs of atomic plants, and questions of safety and contamination of the air and water eliminates at least for the present the substitution of nuclear power for any fossil fuel. In this connection I believe that my colleagues will be interested in an article, "Conventional Power," appearing in the March issue of Science and Technology. It points up some of the problems attendant to the nuclear industry and indicates what can be done toward reducing or eliminating sulfur oxide effluents from fossil fuels. I will in-

clude the article at the conclusion of my remarks.

Mr. Speaker, random use of high-quality coal and natural gas for the generation of electric power could lead to fuel deficits in the near future. Nor is low-surplus foreign oil the answer, for present import levels are already damaging to the balance of payments and a threat to national security. The safe and economic use of nuclear fission may be years in the future.

I have today written to the Assistant Secretary for Mineral Resources urging increased funding for all coal research programs, particularly those for dealing with sulphur oxides. I am confident that greater emphasis on coal research will resolve the pollution problem long before the medical question is settled.

The Science and Technology article follows:

#### CONVENTIONAL POWER

(By Paul N. Garay)

(We entered the nuclear age in 1945, but fossil fuels should be producing most of our power well beyond the year 2000.)

In Brief: In relation to their formation time, fossil-fuels have been in use for but an instant. Yet there are people who look upon oil, coal, and gas for power generation as relics from a past era. Nevertheless, fossil fuels will supply us with heat and electricity for decades to come. This prediction is prompted by the abundance of fossil fuels still in reserve, and by increasingly efficient methods for converting the energy stored within them into economically feasible power—power considerably less costly than the output of nuclear-powered generators.

A lot of attention is being paid to the application of nuclear sources for the generation of power. But despite all the latent glamor in this energy source, a quiet revolution is taking place in the technology of traditional, fossil-fueled power. This renewed interest may soon lead to a reappraisal—perhaps even to a realignment—of the roles conventional fuel sources will play in the not too distant future.

An important spur to this reappraisal is a new look at economics. No longer is it simply a question of fuel cost against construction and operating prices. Today managers balance subjective factors with dollar costs. One such factor of concern is air pollution. Man's general life expectancy is even weighed in terms of atmospheric contamination! And factors that at one time were considered fixed have suddenly become variables that must be manipulated. Moreover, competition has created new ideas that may be used to heal whatever ailment is currently affecting the fossil-fueled power business.

The utilities industry has a stake of \$25 billion in conventional power. In spite of this, many proponents of nuclear power predict a dominant role for themselves in the future. However, while extrapolations in support of these predictions may seem valid today, they must be measured against developing changes.

In Virginia, the cost of the two-unit Surrey Nuclear Station has increased by an estimated 7½%, or \$17 million, in about ten months, to \$255 million. The cost of the Bolsa Island project in Southern California is now estimated at \$750 million instead of \$444 million.

One problem is the availability of uranium at various price levels. There seems to be a conflict between required and available fuel. Considering plutonium recycle, all known low-cost uranium reserves will have been committed by the mid-seventies. Even after breeders are economically feasible, it will be

some time before a self-sustaining nuclear system is profitably achieved.

Whether power is fossil-fueled or of nuclear origin, fuel is the determinant in the profit factor. While nuclear fuel—delivered—is lower in cost (16¢ per million Btu), it must be elaborately prepared; must be handled with kid gloves; and the residue must be removed and disposed of at great cost. The outstanding characteristic of atomic fuel is its compactness, making transportation costs minimal. On the other hand, fossil fuels must be mined or pumped, and cost from 25¢ to 33¢ per million Btu delivered—although more efficient production and utilization should soon cut costs in half. A pertinent factor in eliminating high transportation costs would be the establishment of generating plants where the fuel is mined and then transmitting the electricity over EHV lines. Shipping costs are high, but the ashes can be easily disposed of and offer no hazard. The nuclear plant is less efficient than the fossil-fueled plant, so costs must also be adjusted for this and also for the more complex safety requirements.

There is an additional reason for retaining use of fossil fuels for power production. If the electrical generating plant is nuclear-powered, then for each unit of electricity as much as 50% more water will be required than for a comparable fossil-fueled station. In more graphic terms, if a nuclear plant were to produce 12,000 MWe, up to 20,000 cu ft of water per second would have to be made available to the cooling condensers, and there are few major rivers in the country having minimum flows in excess of this amount. Lakes and ocean sites are possibilities, but making use of these waters requires special water handling provisions.

#### FUEL AND ENERGY

Supplies, of course, are an important consideration in deciding whether a specific type of fuel should be used as an energy source. A decade ago pessimistic analysis showed that fossil fuels would be exhausted in the lifetimes of the experts making the predictions.

In spite of excessive waste, not only has the fossil-fuel supply been adequate, but new discoveries of fuel reserves have extended the day of reckoning past the year 2000. Large deposits of lignite, among other coal resources, are now being worked. New finds of vast oil and gas fields have been made. Off-shore oil reserves have barely been tapped. According to the U.S. Geological Survey, our recoverable coal reserves amount to some 830 billion tons. This should cover us for some 1500 years at the present rate. And some experts double this figure.

Mechanization and strip mining have kept fuel costs down, too. Experts anticipate a drop to as low as 15¢ per million Btu within the next few years. Transportation costs, a big bugaboo, will bow to technology. Coal may soon be delivered by automated trains, cross-country conveyors, or even pumped as a slurry. Such techniques are presently undergoing extensive tests.

The petroleum industry's outlook is equally promising. Here one important consideration is shale oil. On the one hand, claims are made that the large oil interests are deliberately suppressing the development of shale oil reserves. But on the other hand, oil companies claim shale oil reserves will be tapped when the economics are propitious. Yet the fact remains that the oil entrained in the shale of Colorado, Utah, and Wyoming represents another stockpile to draw upon when the need arises.

Because it produces fewer noxious effluents and is most easily used and transported, natural gas is probably the best available fossil fuel. Between 1946 and 1966, gas consumption increased by 324% as compared to 82% for other fuels. By 1970, we

will be using 19.3 trillion cu ft of gas per year. This is expected to increase to 34.9 trillion cu ft by the year 2000.

Where will this gas come from? The Potential Gas Committee of the Colorado School of Mines has predicted a potential supply of 690 trillion cu ft of undiscovered natural gas. Add this to the known supplies, and the total estimate of reserves as of 1966 reached 1290 trillion cu ft. Although we have sufficient fossil fuels to burn, there are problems to overcome if their use is to be continued, much less augmented.

#### ABOUT POLLUTION

Government is taking a hard look at regulating pollutants. Visible emissions of effluents are usually reported to pollution control officers, and citations and fines can be levied. Unfortunately, industry cannot function unless fuel is totally burned; and the combustion effluents discharged into the atmosphere.

One big problem seems to involve the various oxides of sulfur. While some low-sulfur oils are available for fuel, their costs are high compared with lower-grade oil. All fuels contain sulfur to some degree, so the use of fossil fuels must be restricted or, alternatively, the sulfur removed from the fuel, or from the combustion gases after the fuel is burned. After much investment and research by the utility companies, a number of processes are ready to do the job—although their costs might still be excessive for the purpose. In some cases, the processes are claimed to be at the break-even point.

Another technique, no more than five years old, makes use of simple but effective stoichiometric combustion: that is, combustion taking place without excess air. Eliminating the 15 to 20% excess air commonly used minimizes many of the noxious, toxic, and corrosive effluents. Gases that are produced are more readily eliminated.

An interesting combustion technique under investigation is the fluidized-bed process. In this process, the fuel bed is supported by a perforated steel plate. Air is blown upward through this plate with sufficient force to keep the burning pulverized coal in suspension. In the course of this work on fluidized-bed burning, a consultant engineering firm found it could produce coal-burning boilers of 200,000 lb/hr and larger, to match currently available oil-fired package boilers that range to over 250,000 lb/hr. An important side benefit in fluidized combustion is that much of the sulfur and nitrates in the coal are trapped in furnace ash, reducing sulfur oxide emission.

Other experiments employing pulsed pressure instead of a steady air flow result in heat-transfer values many times higher than steady-flow processes can reach.

Efficiency, incidentally, is a two-edged sword. More efficient burning not only produces fewer noxious effluents but also allows a smaller furnace for the same Btu output and reduces furnace size—offering better control over the variables that can cause excessive sulfur and other pollutant emission.

An intriguing process involves the experiment at the Central Basic Research Laboratory of Esso Research and Engineering in Linden, New Jersey. Surrounding the flame with an electrical field changes the color of the flame from yellow to blue, indicating less carbon formation and therefore more efficient combustion.

Another alternative in lowering the effluents is modifying the combustion process so that an acceptable reduction of contamination is effected. This includes processes for converting coal into other forms such as char or liquid or gas. Sulfur can be removed during the transformation. For example, the H-coal process converts the coal to liquid hydrocarbons by hydrogenation with cobalt-

molybdenum catalysts, and produces three to four barrels of oil per ton of coal with costs varying from 12.1 to 14.3¢ per gallon.

Pressure for a reduction in stack effluents has resulted in many processes that approach economic justification. The U.S. Bureau of Mines has a system that involves contact between alumina pellets and the effluents. The pellets absorb sulfur dioxide and are then treated with a mix of hydrogen and carbon dioxide. This process may remove about 90% of the sulfur compounds in the flue gases, and the sulfur removed is recovered and sold to help defray the cost of the operation.

Chromatographic absorption has been proposed by Dr. A. J. Teller of Copper Union. While similar to the activated alumina system, the absorbing material is regenerated by heat, so the addition of chemicals is not required. However, with Dr. Teller's method, the sulfur is not reclaimable.

Another method for removing SO<sub>2</sub> involves catalytic oxidation, in which the sulfur dioxide gas is oxidized to sulfur trioxide (SO<sub>3</sub>). This is then condensed and later transformed to sulfuric acid that can be used commercially. There is no discharge of sulfur oxides to the atmosphere.

A chemical scrubbing process has performed satisfactorily, removing 90% of the sulfur dioxide and all of the fly ash not stopped by a precipitator. Sulfur dioxide is removed as a pure vapor and can be liquified or converted to acid or to elemental sulfur.

#### IF MOHAMMED WON'T GO TO THE MOUNTAIN . . .

If technology cannot get rid of effluents, then an alternative is to relocate the source of pollution to a place well away from urban population centers. The mine-mouth plant offers this solution and also saves the high cost of transportation. Illustrative of this is the Central Illinois Public Service Company Coffeen Station. Here the first unit of a one-million-kilowatt station is now operating. Located on a man-made lake, this plant uses steam at 2500 psi and 1005° F.

Since long-distance transmission of electrical power involves energy losses, past practice has been to locate generating plants as close as possible to the point of use. Bringing the power to urban areas from the mine-mouth plant can be done via extra-high voltage (EHV) transmission lines.

In the electric utility industry, the average run from source to load has been in the order of 125-200 miles. High-voltage AC lines have been the economic choice, using step-up transformers to obtain the transmission voltages. The usual 500 kV of a few years ago has today been increased to 700 kV, and in the next few years we may see transmission at 1000 kV—all this for the sake of improved transmission efficiency.

There are even more advantages to be gained from EHV direct current transmission. There is no need for line compensation equipment; and losses due to back emf are eliminated. A new mercury-arc excitron-rectifier can produce EHV DC, and a number of such lines are now operating.

Beyond this proven step, Edison Electric Institute and TVA are financing a study program to explore the use of cryogenics to increase the conductivity of underground transmission cable. Other possible developments include sodium conductors for power cable.

#### GENERATORS IMPOSE LIMITS

Generator size is an important factor to efficiency—the bigger, the better. Any increase in unit size is, however, one of the trends that seems to perplex the prophets. In 1963, the average unit size of a utility station was 200 MW. Today, the arithmetic average has jumped to 650 MW. By 1970, unit sizes will reach the 500-MW level predicted for 1980 only eight years ago; 60% of the units scheduled for operation this year are 500

MW or larger. TVA has two 1300-MW units on order for early 1970 at its Cumberland plant, and its current program shows eight new units with a total capacity of over 9000 MW.

Many engineers see a new ceiling during the next decade on single-shaft turbine generator sizes at slightly over the 1000-MWe (megawatts electrical) range. Among the limitations are the following:

Generator rotor forgings weighing much more than 175 tons are not presently available from the steel industry; 190 tons would be desirable.

Since railroad car facilities have not changed appreciably in the last 50 years, massive parts must be shipped "knocked-down" and require more time to assemble on station.

Manufacturing facilities are strained at present to handle the current 600- to 1100-MWe units. Based on historical trends—in spite of the above limitations—turbine generators in the 2000-MWe range may be available around 1985.

#### SOME BASIC IDEAS

As the pressure vessels of nuclear plants get bigger, so do the boilers of combustion plants. Industrial steam generators now range in size up to 700,000 lb/hr (the average is much lower and only 25% have over 300,000 lb/hr capacity). Utility boilers, in contrast, are getting bigger and bigger; keeping with the trend toward single-unit plants, the boilers must serve turbines of a size that had not been predicted twenty years ago. Three-million-pound boilers are not at all uncommon nowadays. A new boiler being built by Combustion Engineering for Pacific Power and Light will serve a 700-MW plant, and will burn pulverized coal to produce 5,168,000 lb/hr of steam at 300 psi and 1005°F. Sulzer Brothers, a well-known Swiss firm, is offering a 6,600,000-lb/hr boiler to work at 5000 psi and 1200°F. If the rate of size increase is continued, a boiler rated at 10 million lb/hr should be ordered sometime in 1969. Although larger boilers may be built, this seems to be about the largest boiler for which component parts can be shipped under present construction practices.

Incidentally, "once-through" boilers are finding increasing favor in new plants. In the usual installations, water in the boiler is circulated in sufficient amounts to keep the boiler tubes from overheating. The steam produced (only a fraction of the total water) moves with the circulating water in the generating tubes and is separated from the water in the steam drum. In the once-through boiler, the water makes only one pass through the boiler, emerging as steam at the boiler outlet. Control dynamics, efficiency, and heat-absorption rates favor this type of design. One of the problems that prevent once-through boilers from being more generally used is their need for extremely pure water. In any boiling system, if the liquid is evaporated completely in its passage through a tube, solids in the water will remain in the tube. Thus, in time, heat transfer will be obstructed.

To understand what is involved in system design, it is fitting to first understand what comprises a thermodynamic cycle and what types of cycles are involved in generating electricity.

The first formal analysis of power cycles was made by Carnot in 1824. Oddly enough, this analysis was made when heat was still thought to be a tangible substance. This mistake did not affect the validity of the description that shows how the cycle changes heat to mechanical work. Three factors are necessary to make the Carnot cycle work: A perfect gas confined by a cylinder and a piston (or an equivalent arrangement, such as a turbine); a source of energy at temperature  $T_h$ ; and a receiver of energy at temperature  $T_c$ . Four processes make up the cycle:

(1) heat rejection to a receiver; (2) compression of the fluid; (3) heating of the fluid; and finally (4) expansion of the fluid to its original condition. Since the gas experiences all the processes of a cycle, and ends up in its original state, all the transient energy equations must balance to zero. That is, although the energy added was more than the energy rejected, the equation is balanced by a factor  $W$ , which represents useful, or "shaft," work.

The Carnot cycle is a standard that can be used to show that no cycle can achieve greater thermal efficiency when operating between minimum and maximum temperatures than

$$\text{Efficiency} = 1 - T_c/T_h,$$

where  $T_h$  is the temperature of heat acceptance and  $T_c$  is the temperature of heat rejection.

Following the basic understanding of power cycles as developed by Carnot, practical cycles were expressed by other workers. The most important and basic steam cycle is the Rankine. The various processes of the cycle are illustrated in the diagram in the margin.

The basic difference between liquid and gas cycles lies in the mode of combustion; that is, whether it is external or internal to the machine. In the external system, at least one, and sometimes two heat-transfer operations occur. In the internal combustion system, the heat is generated directly in the working fluid by combustion.

A glance at the Rankine or any other cycle diagram shows that the three most important objectives in the design of any prime mover, from the standpoint of efficiency, are:

(1) To produce a temperature difference as high as possible between the hot and cold ends of the cycle.

(2) To produce a pressure differential as high as possible between the initial and final points of the cycle, and

(3) To transmit to the working fluid the highest heat content per unit volume of working space. These objectives are attained by choosing either singly, or in combination, one of the many possible practical thermal cycles.

The limiting efficiency is that of the Carnot cycle. Assume a  $T_c$  of, say, 300°K, a figure that is set by prevailing ambient temperatures. Since we must consider containment by solid boundaries,  $T_h$  cannot greatly exceed 300°K. The limiting Carnot efficiency calculates to about 90%—about twice the present practical maximum. It should be noted, however, that although approaching the available limiting temperatures yields a steady increase in efficiency, a law of diminishing returns governs the practical approach to these limits.

#### BOILERS—A PRACTICAL ASPECT

Since the preponderant quantity of electricity produced today depends on the steam cycle, it's obvious that many of the limitations imposed on efficiency will reside with the boiler. More efficiency in the form of a favorable heat rate results from the use of larger units incorporating higher temperature and pressure capabilities. From a post-war figure of 10,000 to 11,000 Btu/kWh, the number of Btu's required to produce one kilowatt has been steadily declining, and heat rates of the newest units are down around 8000-Btu/kWh mark.

Beginning operations in March 1957, the 120,000-kW unit at the Philo Plant of the Ohio Power Co. marked a major advance in the trend toward higher steam pressure. This was the first time that a commercially practical unit was operated at a pressure higher than 3206 psi, the critical pressure of steam.

Other firsts for the unit include the first use of double reheat (see diagram and caption) and the first use of steam at a temperature as high as 1150° F. This is 50° F above the highest temperature previously used for power generation. Generally, the 1957 de-

velopment seems to be an ultimate one, barring the possibility of a metallurgical breakthrough.

But heat rate, like other desirable accomplishments, cost money. Higher temperatures and pressures—one avenue toward better efficiency—have reached a plateau. Numerous other approaches attempt to detour around these limits.

#### BINARY CYCLES

In the forties, designers realized that they were rapidly approaching temperature and pressure limits which would inhibit further development. They realized that different approaches might provide means of avoiding the high temperatures and pressures which were the bane of efficient cycles. Obviously a more efficient fluid would obtain the advantages of higher temperatures and lower pressures—resulting in better overall efficiency.

Efficiency improves with operating temperatures in the Carnot cycle. Yet, in present technology, we cannot contemplate any stress-carrying component operating at a temperature remotely approaching 3000°K—the limits for such components being regarded at the moment as being about 1000°K. This seems to imply a Carnot efficiency of some 70%, but it is the maximum temperature of the working fluid that determines the cycle efficiency—and this is only approximately related to the temperature of the stressed components. Since mechanical components may be cooled, the mode of heat application is also significant. For instance, in a conventional gasoline engine, peak gas temperature may reach 2500°K even though the temperature limit of the metal is only 850°K. The short duration of the heat application permits this seemingly anomalous situation. In a steady-flow system, temperature differences of this order between the working fluid and the moving stressed components are difficult to attain. In a gas turbine—even with suitable blade cooling—it seems improbable that stressed metallic turbine blades can survive in a working fluid much in the excess of 1600°K.

Similarly, in steam plants—even though furnace gases reach 2100°K—metallurgical considerations will usually limit steam temperatures to something less than 1000°K.

At the cold end of the power cycle, stress conditions are not limiting. Rather, the limitations are economic, because of the extreme size of the equipment required to approach ambient temperature in the working fluid. The necessary heat transfer surfaces simply become excessively large.

Considering these upper and lower limits, it is apparent that any device that widens the temperature range over which energy conversion occurs can bear a high percentage of the capital cost and still be economical.

It has been shown that a temperature range from about 2600°K to ambient temperature is potentially available for energy conversion and that all existing types of plants fail to make full use of this potential.

Since a steam generating station is limited to temperature of about 1000°K, two different systems might be combined to extend the useful temperature range: If upward, the new device is sometimes termed a "topper," and by analogy, a downward extension might be called a "bottomer." This involves encroachment of the topping or bottoming device into the range normally covered only with maximum difficulty by the conventional plant.

The mercury topping cycle has been devised as being an effective though still hazardous approach. In this cycle, vaporized mercury is utilized at high temperatures and comparatively low pressures. The vapor is expanded through a mercury turbine, and condensed by steam. The steam cycle used in conjunction with the topping cycle is comparatively conventional. A number of such plants were built, but are not currently

being developed further because of toxicity problems and corrosion inherent in the mercury.

While the steam-mercury cycle was the first practical binary cycle, more recent binary cycles have utilized steam and refrigeration-type fluids: steam and ammonia, and many other combinations.

Experts believe there is a sufficient supply of conventional power sources to supply human needs for decades to come. But the experts also believe that present processes will undergo changes in technology. For example, there are a number of ways of producing electrical power without conventional boiler-turbine combinations.

One of these promising methods is magneto-hydrodynamic conversion, popularly referred to as MHD. In an MHD device, the thermal energy of heated gas is converted to kinetic energy by pumping. This energy is then directly converted into electricity. Essentially, the initial step in this process resembles the process that occurs in a rocket—the flow of hot air through a duct—except that with MHD the gas is ionized and conductive. A magnetic field is applied across the duct and an electric current is generated across the gas when the gas cuts across the lines of flux. While the MHD system is still in its experimental stages, the process has created interest because of its promise of high efficiency of operation.

One of the most interesting innovations in the field of power-experimentation is EGD, or electrogasdynamics. Here too, a hot ionized gas moves through a duct. But the ionized particles are collected by an electrode, generating the electric current.

In both the MHD and the EGD processes, the residual heat of the flowing gases that create electricity is utilized even further by producing steam in a waste heat boiler.

Scientists are also probing the possibilities of using solid-electrolyte cells to produce electrical energy from coal at high efficiency in large-scale central station power plants.

Meanwhile, the Bureau of Mines is developing a turbine driven by hot gases from burning coal. Overall objective of the Bureau is to build and to operate a machine that would effectively demonstrate the technological feasibility of an open-cycle, coal-burning gas turbine power plant.

Preoccupation by researchers, scientists, and technologists with conventional sources of fuel power has, at least to the period beyond the year 2000, entrenched the role of hydrocarbons—the conventional sources of power.

#### ANOTHER SUBSIDY FOR THE MILITARY-INDUSTRIAL COMPLEX

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

Mr. RYAN. Mr. Speaker, according to an article written by Laurence Stern in the Saturday, April 12, edition of the Washington Post, the Department of Defense is about to reverse past policy and to lavish another subsidy on the military-industrial complex by permitting defense contractors to be reimbursed for contributions which they make in their communities to charities and educational organizations.

This proposal would permit contractors to seek reimbursement of up to one-tenth of 1 percent of cost reimbursable and fixed-price incentive contracts. It is estimated that it would cost \$45 million a year since the Department of Defense now pays out some \$45 billion a year in procurement contracts.

This is another example of the outrageous lengths to which the Defense Establishment will go to pour more money into its industrial partners. Thousands of American businesses each year make contributions to charities and educational institutions in their communities and are allowed a charitable tax deduction under the Internal Revenue law. What justification is there for applying favored treatment to defense contractors?

Now along comes the Department of Defense at a time when the Federal budget is being cut back drastically in domestic programs and proposes this outrageous subsidy. Are funds to be slashed from inadequate urban programs only to be reinstated as subsidies to defense contractors?

Mr. Speaker, this is entirely mistaken, and I urge the Department of Defense, NASA, the AEC, the GSA not to permit this kind of repayment to Government contractors. Congress should make clear to the administration that this proposal is unacceptable.

I include the article at this point in the RECORD:

#### PENTAGON MAY REPAY FIRM'S CHARITY GIFTS (By Laurence Stern)

The Pentagon is proposing that it repay its contractors for their contributions to charities and educational organizations.

If adopted, the new regulations would provide many millions of dollars in reimbursements for costs now disallowed under a ten-year-old Defense Department ruling.

The recommendation is also being circulated among three other big Federal Government spenders—the Atomic Energy Commission, National Aeronautics and Space Administration and the General Services Administration.

Industrial and trade groups have already endorsed the proposed new policy. They have sought the change for some time.

"We know of many contractors who are the heart and soul of their communities," one Defense Department spokesman explained. "It's necessary that they contribute to such groups as Red Cross and United Givers or else the association dies."

"The question is whether it shouldn't be recognized that this is a valid cost of doing business."

The proposal was drafted and circularized by Capt. E. C. Chapman, chairman of the Armed Services Procurement Regulation Committee, the Pentagon's top procurement policy board.

Chapman said he could not assign a dollar amount to the effect of the change.

Under the proposal the Defense Department would repay contractor donations up to a tenth of 1 per cent of the total contract. Alternatively the contractor could get back an average for his past two years' contributions to charity. The Pentagon would pay whichever of these amounts is lower.

Currently the Pentagon is paying out \$45 billion a year in procurement contracts. A tenth of 1 percent would amount to \$45 million—although this is by no means a precise indicator of how high the reimbursements would run. That figure was not available.

Final action on the proposal should come as early as a month from now after responses are in from the other agencies.

Currently repayments are allowed by the Pentagon under fixed price contracts. It would extend this practice to cost-reimbursable and fixed price incentive contracts,

which make up the lion's share of Defense Departments contracting activity.

Capt. Chapman said the proposal would apply for groups defined as charitable and educational organizations under the tax exemption provisions of the Internal Revenue Act.

#### PROPOSED REVENUE SHARING— BIAFRAN RELIEF

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. HALPERN) is recognized for 10 minutes.

#### PROPOSED REVENUE SHARING

Mr. HALPERN. Mr. Speaker, the operation of our Federal system of government has led to increased intertwining of Federal Government functions and operations with those of our State and local governments.

Not only do Federal financial policies often determine the ability of taxpayers to support local governments, but the Federal Government, itself, is increasingly adopting programs to assist State and municipal governments in carrying out their functions.

During fiscal 1968, the Federal Government poured about \$17 billion in grants-in-aid to local governments through over 400 separate authorizations operating through most of the Federal Government's departments and agencies. In fact, the Federal Government is presently providing funds equivalent to about 17 percent of State and local expenditures.

But this is not sufficient. There is still a huge ever-growing gap between State and local revenue needs and sources.

I have therefore proposed a revenue-sharing concept which would provide to State and local governments a portion of Federal income tax receipts—approximately 3 to 5 percent—with minimum restrictions on the use of the funds.

Designed to strengthen the fiscal base of States and localities, the proposed legislation would create a new system of Federal general support grants, while leaving determination of the use of these grants to the individual States and localities.

Basically, it would operate according to the following distribution formula:

Ninety percent of the funds would be allocated to the various States according to their population and local tax effort; the remaining 10 percent would be distributed to the 17 poorest States.

States would be required to "pass through" a specified portion of these moneys to cities and urban counties, according to a formula recently recommended by the National Advisory Commission on Urban Problems.

Mr. Speaker, the gap between State and local revenue needs and the funds available to fulfill these needs is devastating. If we want our State and local governments to fulfill their responsibilities, we must enable them to have the funds to do so. It is my belief that the Federal revenue-sharing bill provides the most efficient means of accomplishing our goals. Therefore, I urge the Congress to take swift action.

I now turn to another subject.

#### BIAFRAN RELIEF

Mr. Speaker, on January 22 I joined with the gentleman from Minnesota (Mr. FRASER) and 103 of my distinguished colleagues in cosponsoring House Concurrent Resolution 97, expressing the sense of Congress that the United States should substantially increase its humanitarian efforts in the Biafran relief operations and solicit the cooperation of other nations in this endeavor. Today I come before this House to commend this resolution to you and to urge its prompt consideration.

Over 2 months have passed since that initial effort, and while relief operations have been accelerated, the tragedy of Biafra continues. This administration, acting out of humanitarian rather than political considerations, has increased American aid to the international organizations aiding the relief efforts. The International Committee of the Red Cross, UNICEF, and other voluntary organizations have been the recipients of over \$31 million in assistance. Recent reports by the International Red Cross indicate that, at least temporarily, starvation has been virtually eliminated.

But, as our efforts have increased, so has the need. We now provide food for approximately 3 million people. The ICRC estimates that by May as many as 4.5 million people in the war zone will need food and medical supplies. Additionally, there is now a need for different types of food. Recent efforts have aimed at attempting to alleviate the protein shortage; but a shortage of carbohydrates now threatens to create an increasingly serious problem in the coming months.

While our efforts have been laudable thus far they have scarcely been adequate; and prospects for the future of the Biafrans are even less hopeful.

The bipartisan support this resolution has received and the overwhelming indication of approval from the American people have demonstrated that neither time nor geography have made us insensitive to the human suffering in Biafra. We are unwilling to stand by while the progress of our civilization is scarred by the number of Biafran dead. We are reluctant to permit a nation, right or wrong in its cause, to use starvation of innocent civilians as a weapon of war. We know that ultimately we are all members of a human family and that if, in the end, political considerations do not bow to human considerations we will all be the losers.

The death by starvation of well over 1 million noncombatants in Biafra has truly been one of the tragic chapters of human history. But it is a chapter that is still being written. Bountiful America must do all it can to lessen the horror of the death toll; and free America must do all it can to promote a peaceful solution to this tragic conflict.

#### URANIUM ENRICHMENT IN EUROPE: SOME BASIC REALITIES

The SPEAKER. Under a previous order of the House, the gentleman from

California (Mr. HOSMER) is recognized for 30 minutes.

Mr. HOSMER. Mr. Speaker, enriched uranium is a tremendously important but complicated subject—technically, economically, and politically. This applies not only to the United States, but to Western Europe, and now, Japan as well.

The production of enriched uranium has significant military implications, but it is to the peaceful application of this material that I am directing my interest today. About 85 percent of the U.S. capacity for enriching uranium in the fissionable isotope uranium-235 is devoted to fulfilling the free world's needs for the producing of electricity in nuclear powerplants.

International interest in this subject is focused on three areas: First, the future operation of the three U.S. plants which produce enriched uranium; second, requirements for additional U.S. capacity; and third, the possibility that some foreign countries may choose to build their own plants rather than continue to rely on the United States.

I have some advice on this latter topic which I would like to dispense for the benefit of my colleagues and any other individuals, either American or foreign, who are interested in the subject.

#### U.S. ENRICHMENT FACILITIES

The U.S. Atomic Energy Commission operates three large gaseous diffusion plants at Oak Ridge, Tenn.; Paducah, Ky.; and Portsmouth, Ohio. They represent an investment of some \$2½ billion. Only about 15 percent of this capacity is required for military programs utilizing highly enriched uranium—almost pure uranium-235. The remaining capacity is made available to industry for producing the slightly enriched uranium—3 to 4 percent uranium-235—required to fuel power reactors.

The remarkable growth of the nuclear power industry suggests that the capacity of existing plants, even if improved and upgraded at a cost of about \$800 million, will be fully utilized by about 1980. To meet the increasing demands, it is estimated that a new enrichment plant, costing almost \$1 billion, will have to be brought on the line by 1980. Others must be added at approximately 5-year intervals until some time in the 1990's to meet the demand for separative work.

After that, it is expected that breeder reactors will come into general use. Since breeders will burn plutonium as their principal fuel, the demands for enriched uranium can be expected to diminish.

Classification of nuclear knowledge was critical in the early days of the program, when only the United States had atomic weapons and it wanted to retain its monopoly. Since then four other countries have acquired them—the United Kingdom, U.S.S.R., France, and Red China—but the practice of classification has been retained on the theory it may inhibit further nuclear weapons proliferation.

Recently, the AEC has disclosed a great deal of data about its enrichment activities. This is because the forthcoming demand for slightly enriched uranium and the enormous investment in new capacity

it will require. Inasmuch as the United States taxpayer cannot be expected to make this investment on behalf of private industry, some new structure will have to be devised through which the private sector will supply the required investment.

To afford private enterprise the necessary access to data about the business, the AEC has declassified almost everything about the diffusion plants except their innermost secret—the manufacture of the diffusion barrier. The efficiency of the barrier plays a large role in determining the final cost of enriching uranium.

#### TECHNICAL AND ECONOMIC FACTORS

The principle upon which the plants operate is akin to that of a sieve. Uranium is combined with fluorine to produce uranium hexafluoride gas—UF-6. As the gas is pumped through the sieve-like barrier, the uranium-235 atoms pass through the barrier slightly easier than the minutely heavier uranium-238 atoms. By pumping the gas through a sufficient number of barriers, it becomes "richer" in uranium-235 as the uranium-238 atoms are screened out. The more times it is pumped through, the more it is enriched.

It is probable that the AEC's three diffusion plants will soon be transferred to a Government corporation with access to the private money market. A possible second step could be their further transfer to competing private companies or a regulated private monopoly. But even if the second step is pursued, it is likely the U.S. Government will retain its security wraps on barrier improvements and manufacturing.

The United States provides enriching services at cost to the private sector and overseas customers. The price is \$26 per separative unit, short for kilogram unit of separative work, a term difficult to explain. Suffice it to say, the initial fuel loading of a 1,000-megawatt power reactor will require close to \$10 million worth of separative work. Additional fuel over the 30-year life of a reactor will require some \$5 million worth of work annually. Cost of separative work at the other free world enriching plants—Capenhurst in the United Kingdom and Pierrelatte in France—has not been revealed. However, all evidence points to its being considerably higher than U.S. costs. The same is almost certainly true of Soviet facilities.

It should be remembered that we Americans have a tremendous capability for minimizing costs in almost any kind of large-scale production work. We have had years of leadtime over others in this specific technology. Electric power to run the enrichment plants costs less than any place else in the world. And more to the point, since what is past is prologue, it can be said with 99.9 percent certainty that in the future no other nation will ever come close to U.S. enrichment costs.

Only last January, in its report on European uranium enrichment, Europe's counterpart of the U.S. Atomic Industrial Forum, called Foratom, asserted that development of new enrich-

ment technology in Europe of whatever kind is "inconceivable" because it would add \$140 million to the cost of a plant.

Foratom further declared that even if existing know-how is applied, the venture would require \$25 million for R. & D. and involve construction and power costs higher than those in the United States. It is estimated that a small 2½-million-kilogram-per-year European plant would need a \$17 million annual subsidy to break even with U.S. costs.

By comparison, the capacity of the U.S. plants is 17 million kilograms per year. In addition, after the United States adds its next diffusion plant the total capacity will be about 35 million kilograms per year, with considerable economies in scale over the 2½-million-kilogram facility studied by Foratom. Foratom's economic analysis of European separative costs ranges from \$28.90 per unit to \$36.72, depending on a number of variables. And I believe these estimates are significantly optimistic.

The additional U.S. enrichment requirements in coming years will not necessarily be supplied by diffusion plants. There are other enrichment processes which may become economic. During World War II, a method of separating U-235 and U-238 based on the principle of the centrifuge was attempted. It failed only because sufficiently durable materials were not then available to separate the two isotopes, as cream is separated from milk.

Today, new materials and technology are available. The AEC has long been interested in centrifuge development. However, since 1967 the work has been classified and no one has been allowed to report its progress.

The Japanese have been doing centrifuge research in parallel with diffusion R. & D. since 1964. They have progressed sufficiently in the laboratory with the development of a diffusion barrier fabricated with alumina to announce a capability to build a diffusion plant, should they decide to do so. It is not believed that Japanese progress either with barrier or centrifuge technology exceeds that of the Europeans. In addition, their power costs are considerably higher.

In Europe, Euratom has decided on a policy of independent European enrichment capability. With centrifuge work there having proceeded beyond the press release stage, a joint venture has been formed by the United Kingdom, the Netherlands, and West Germany, to proceed with a demonstration plant. France has been invited to join the consortium and will probably accept.

Based on experiments with individual handcrafted centrifuge—and assuming that when hundreds of them are placed in a cascade they will all work right the first time and work perfectly in unison for a long time before whirling themselves apart—this group estimates a 250,000-kilogram-per-year cascade will cost out at \$45.90 per separative unit and a 2½-million-kilogram cascade at \$27.60.

Admittedly, electric power costs for a centrifuge plant are lower than for a

diffusion plant by a factor of around 4 to 5, and the capital investment is considerably less. Where centrifuge costs run up is in the operating area—repair and replacement. Despite extravagantly optimistic estimates, it is important to note that no experimental centrifuge has ever operated for sufficient time to provide dependable figures for the critical lifetime and maintenance factors involved. Until this occurs, the consortium's showy plans should not be taken too seriously.

A third technique for enrichment, known as the nozzle process, was developed by Dr. E. W. Becker at Germany's Karlsruhe Laboratory. It is not considered a choice for baseload enrichment due to its tremendous requirements for power. I have talked with Dr. Becker about his process and visited his pilot plant. His best prediction for the nozzle process is that it might possibly supply peak demands for enriching services during a few times when regular capacity is overloaded and cost becomes a secondary consideration.

My remarks thus far have explored some of the technical and economic factors involved in uranium enrichment. These necessarily are in the minds of our friends overseas when they consider whether to develop their own capacity.

#### POLITICAL FACTORS

There is one further factor involved. It is political. And it is simply whether other countries, in their own interest, should continue relying on the United States for this very important service. They must evaluate the price for this independence in terms of the cost and feasibility of providing their own enriched uranium.

What they do is strictly their own business. It would be quite unrealistic for them to permit U.S. worries over nuclear proliferation to loom very large in their final determinations. For this reason, it is my hope that the new Nixon administration will cease and desist from the previous policy of badgering them about it. Rather, it is my hope that the new administration will begin emphasizing some of the basic realities involved in those determinations.

That is what I am going to do in concluding my remarks today.

I shall do so by first outlining the remarkably generous arrangements which the United States offers foreign purchasers of uranium enrichment services and which it proposes to offer for all time in the future, whether through the AEC, a Government corporation or private management that operates U.S. enrichment capability.

The foreign purchaser may obtain any amount of separative units he wants. The AEC provides it at the current \$26 price and guarantees not to raise that price above \$30, even if U.S. costs escalate beyond that amount. The purchaser is guaranteed the supply he needs on time, and for the full 30-year life of his reactor. The foreign customer may cancel his obligation to purchase on only 3 years' notice, leaving the United States saddled with its investment in facilities to supply the full 30-year demand. Further, the foreign purchaser is not obligated to buy

his raw material in the United States. He may purchase it at the cheapest cost anywhere in the world, then ship it here for nonprofit enrichment.

If but one adjective were to be applied to this permanently guaranteed policy of the United States toward its foreign friends, I believe the most fitting word would be "incredible."

But there is not a single, solitary reason for retaining such an incredibly generous policy for a foreign customer once that customer's own country decides to establish its own enrichment facilities.

Whenever that occurs, the United States will be relieved of its obligation to make large capital investments in both enrichment facilities and the powerplants necessary to operate them, for the benefit of foreign customers.

However, the United States would not necessarily discontinue foreign sales. It would have, and should have, the option to offer enrichment services to foreign purchasers if it chooses, on the price and terms it chooses.

For instance, the United States might want to make a profit by selling at a competitive price rather than a cost-reimbursing fixed price. For competitive reasons, perhaps the offering price could be somewhat below the price obtainable from enrichment plants in a potential foreign purchaser's own country.

At times when the U.S. balance of payments is in deficit, the United States might consider a policy of price cutting on the world market to obtain enrichment revenues to help restore the balance. Or when U.S. raw material purchasers need the business, we could condition sales of enrichment services on the purchase of all or part of the raw materials from U.S. mines.

Since alternate sources of enrichment services would be available, certainly there would be no need whatever to enter any foreign contracts for supply throughout the life of a reactor.

Such are the realities under consideration in Washington and which should be weighed in other capitals whenever the proliferation of uranium enrichment facilities is up for discussion.

Recently the distinguished American scientist and scholar, Dr. Manson Benedict of the Massachusetts Institute of Technology, presented a detailed paper containing much useful data on the U.S. enrichment problem. I have included it below. Where Dr. Benedict and I differ on facts, I believe his to be more trustworthy. Where we differ on judgments, the choice of the reader is open.

Mr. Benedict's paper follows:

#### URANIUM ENRICHMENT

(Opening remarks by Manson Benedict at panel discussion of this subject at meeting of Atomic Industrial Forum, Palm Springs, Calif., March 13, 1969)

##### 1. INTRODUCTION

All of the nuclear power plants built or planned in the United States require enriched uranium as fuel. The sole source of this enriched uranium is the complex of gaseous diffusion plants owned by the U.S. Atomic Energy Commission. At the projected rate of growth of the nuclear power industry, its requirements for enriched uranium will exceed the capacity of the present gaseous

diffusion plants in less than ten years. Uranium enrichment is the only operation in the nuclear power industry which has not yet been transferred from governmental to private ownership. These facts make urgent consideration of the best means for meeting future demands for enriched uranium and have brought to the fore the question whether it is feasible or desirable to transfer the diffusion plants from governmental to private hands, and, if so, under what conditions.

To set the stage for a discussion of these questions by this panel, I will first summarize the main features of the AEC's present diffusion plants, next will estimate roughly the growth in demand for enriched uranium, and will then describe briefly the technical means for meeting future demands. Finally, I will list some of the alternative proposals which have been made for ownership and operation of uranium enrichment facilities and will point out some of the advantages and disadvantages of these proposals and difficulties associated with them.

## 2. U.S. DIFFUSION PLANTS

Although the details of the AEC's gaseous diffusion plants are still classified, much useful information about their characteristics and production costs were described in the recent report ORO-658, title AEC Gaseous Diffusion Plant Operations.<sup>1</sup> As most of you know, the AEC owns and operates three gaseous diffusion plants, at Oak Ridge, Tennessee; Paducah, Kentucky; and Portsmouth, Ohio. At present the three plants are operated as an integrated complex, with Paducah producing uranium enriched to about 1% U-235 which is used as some of the feed for Oak Ridge and Portsmouth. Oak Ridge produces uranium enriched up to 4% in U-235. Portsmouth uses as feed 1% enriched material from Paducah, 4% enriched material from Oak Ridge and other material and produces uranium at a variety of enrichments between 2 and 97%. All three plants strip tails to 0.2% U-235. Because of the great flexibility of these plants, they could alternatively be operated as three separate facilities, without interconnection, with no more than a 1% loss in capacity, provided Paducah wasn't required to enrich uranium above 4%. This flexibility could be achieved by rearranging the series and parallel connections among stages within each plant and by redistributing electric power input to the different stages.

Because of the almost infinite variety of product and tails enrichments at which these plants could be operated, it would not be especially informative to express their capacity in terms of the amount of product they could make of any one enrichment. Instead, it has become conventional to express their capacity in terms of a unit called *separative work*, which is nearly constant for a given plant supplied with a given amount of power, regardless of the uranium enrichment of its feed, product and tails, provided its stage connections are maintained in a configuration of maximum efficiency. To give you a feel for what separative work means, a plant with a capacity of one ton of separative work per day could produce 0.21 tons per day of 3.2% enriched uranium from 1.23 tons of natural uranium feed while stripping tails to 0.2% U-235.

The separative capacity of the three present plants when operated at maximum electric power input is given in Table 1. Thus, the Portsmouth plant operating on natural uranium feed and stripping tails to 0.2% could make  $4800 \times 0.21 = 1000$  tons per year of 3.2% enriched product. Alternatively, it could make 21 tons per year of 90% enriched product.

Until recently, all three diffusion plants were operated with maximum electric power input to provide highly enriched U-235 for U.S. military purposes. Since these military needs were largely satisfied in the mid-1960's, the power input has been gradually reduced and will reach a low of about 2000 megawatts in FY 1970, at which the plants' output will be about 6900 metric tons of separative work per year. By then almost all of the plant product will be for civilian uses, in power and test reactors.

The AEC is now offering to provide toll enrichment services on long term contracts at a price for separative work not to exceed \$30 per kilogram, with a provision for escalation of power costs and labor rates. The AEC's current charge for separative work is \$26 per kilogram.

The AEC has stated that the direct cost of operating the present plants at full capacity is about \$15 per kilogram, of which over \$12 is for power.

The initial cost of the three plants was 2.3 billion dollars. The net value of the three plants on the AEC's books on June 30, 1967 after allowing for depreciation was 1.36 billion dollars. At this rate of depreciation, the book value of the plants by 1972 would be around one billion dollars. If private firms were to buy the plants then for that price, the unit investment cost would be one billion dollars divided by 17 million kilograms per year, or about \$60 per kilograms per year. At a fixed charge rate of 25% per year, the fixed charge for separative work would be \$15 per kilogram and the total cost to a private owner would be \$30 per kilogram. Thus, it appears that the AEC's present ceiling price of \$30 per kilogram is not inconsistent with private ownership of the plants, a fairly good return on investment, and recovery of book value by the government on sale of the plants in 1972.

TABLE 1.—SEPARATIVE CAPACITY OF U.S. DIFFUSION PLANTS

	Maximum electric power, (megawatts)	Maximum capacity, metric tons, separative work/year
Oak Ridge.....	1,700	4,900
Paducah.....	2,550	7,300
Portsmouth.....	1,750	4,800
Total.....	6,000	17,000

## 3. FUTURE DEMAND FOR SEPARATIVE WORK

A rough estimate of the future demand for separative work in the United States may be readily made from the enriched uranium requirements of light water reactors and the predicted growth rate of the U.S. nuclear power industry. Let us consider as a representative reactor the pressurized water reactor whose characteristics are listed in Table 2.

In report WASH-1084<sup>2</sup> the AEC gave an equation representing a median estimate of the rate of growth of nuclear electric capacity in the United States. Table 3 gives the installed capacity and annual growth rate predicted by this equation and the annual separative work required to provide makeup fuel for operating reactors and to charge new reactors.

The most important point brought out by this table is that U.S. demand for separative work will exceed the 17,000 ton-per-year capacity of present U.S. plants by the late 1970's. This relatively short time is what makes so urgent consideration of how best to increase uranium enrichment capacity. Demand continues to increase so rapidly

that by 1985, plant capacity more than twice the present will be needed. Predictions beyond 1985 become progressively more uncertain, both because of uncertainties in the growth rate of nuclear power and in the rate at which fast breeders will be introduced. It seems likely, however, that the annual U.S. demand will remain as high as 40,000 tons per year at least till the year 2000.

The estimates of Table 3 may be slightly high for the following reasons. Boiling water reactors consume slightly less separative work than pressurized water reactors. Recycle of plutonium to light water reactors would reduce somewhat their separative work consumption. A few fast breeder reactors, which do not use enriched uranium, may be in operation by 1985. However, the continuing small production of enriched uranium for research and military purposes would make the total U.S. requirement for separative work somewhat higher, so that the estimates in Table 3 are probably not far off, unless the growth rate of nuclear power should be appreciably lower than the AEC's median prediction, as might be caused by substantial increases in nuclear power costs.

In this connection, it should be noted that an increase in the price of separative work of \$1 per kg would increase the cost of electricity from a pressurized water reactor having the characteristics given in Table 2 by 0.022 mills/kwh.

TABLE 2.—PRESSURIZED WATER REACTOR

Capacity, megawatts:		
Electric.....	1,000	
Thermal.....	3,125	
Initial fuel charge:		
Metric tons uranium.....	68.5	
Average percent of uranium-235.....	2.7	
Percent of uranium-235 in makeup fuel.....	3.2	
Burnup, megawatt-days per ton.....	31,500	
Percent of uranium-235 in spent fuel.....	0.9	
Average uranium makeup rate at 80 percent capacity factor, tons per year.....	29	
Separative work requirements:		
Initial charge, metric tons.....	250	
Average makeup, metric tons per year.....	130	

TABLE 3.—ESTIMATE OF SEPARATIVE WORK REQUIREMENTS FOR U.S. NUCLEAR POWERPLANTS

	1975	1980	1985
Installed capacity, megawatts			
electric.....	60,000	145,000	255,000
Growth rate, megawatts electric per year.....	14.5	19.5	24.5
Separative work required, tons per year:			
For makeup fuel.....	7,800	18,850	33,150
For initial change.....	3,625	4,875	1,625
Total.....	11,425	23,725	39,775

In addition to the U.S. market for separative work, U.S. diffusion plants are expected to sell substantial amounts abroad. The AEC has estimated that the foreign market may be as high as 60% of the domestic and in fact has already contracted to supply over 10,000 tons of separative work overseas through toll enrichment.

Nevertheless, the extent to which U.S. enriched uranium will be sold abroad is very uncertain. The U.K. Atomic Energy Agency has announced plans to increase the capacity of its Capenhurst plant to 400 tons per year in the early 1970's, increasing to 1,200 tons per year later in that decade. This will satisfy English requirements but will not go far toward supplying other countries. Costs are said to be about 15% above the U.S. ceiling. The U.S.S.R. might offer to sell enriched uranium in Europe.

The gas centrifuge process is receiving increasing attention abroad. A cooperative program to investigate a jointly owned centrifuge plant was recently announced by British, Dutch and German interests. Dr.

<sup>1</sup> AEC Gaseous Diffusion Plant Operations, USAEC Report ORO-658, Feb. 1968.

<sup>2</sup> Forecast of Growth of Nuclear Power, WASH-1084, 1967.

Bogaardt, a leading Dutch investigator,<sup>3</sup> estimated that the unit capital cost of a 2,500 ton per year centrifuge plant would be \$131 per kilogram per year, with direct operating costs of \$8 per kilogram. With fixed charges of 25% per year, the unit cost of separative work would be \$41 per kilogram, which is appreciably higher than from existing U.S. diffusion plants or from a new, large plant built at the AEC's estimated costs. Despite this, the centrifuge process has considerable appeal for countries wishing to have their own source of enriched uranium and willing to pay a higher price to be independent. Advantages of the centrifuge process are its lower specific power consumption, and the fact that the optimum size plant is much smaller than for gaseous diffusion, so that minimum unit cost is obtainable with a capital investment of only a few hundred million dollars, instead of around a billion dollars. Thus, it seems likely that gas centrifuge plants will be built abroad and will reduce foreign sales of separative work produced in the U.S.

#### 4. MEETING FUTURE DEMANDS

Whether or not these foreign enrichment ventures materialize, it is clear that the demand for separative work will exceed present U.S. capacity by the late 1970's. To begin to meet this increased demand the AEC is starting to preproduce slightly enriched uranium in excess of the amount currently needed. In addition, it has formulated a cascade improvement program, which could be carried out between 1972 and 1976 at a total cost of \$475 million and which would increase plant capacity by 4,700 metric tons per year. A further capacity increase of 4,100 metric tons per year could be achieved in 1976 and 1977 by a power uprating program, at a cost of \$130 million, and with an increase in direct operating costs of \$47 million per year. These measures, taken together, would increase the capacity of the present plants to 25,800 tons of separative work per year. The unit cost of this incremental separative work would be only \$23 per kilogram, at a fixed charge rate of 25% per year. The increased capacity obtained by these plant improvement programs would meet U.S. requirements until the early 1980's. If the U.S. continues to supply most to the enriched uranium used abroad, the improved plants would be fully loaded by the late 1970's.

To meet the increasing requirements for separative work beyond that time, it will be necessary to build new plant capacity. The AEC has estimated that using improved diffusion technology available by 1975, a diffusion plant with a capacity 17,500 tons per year could be built at a new site for \$1.3 billion, for a unit investment cost of \$74 per kg per year. If the new plant were added to the present Paducah plant, the cost would be lower, \$1.0 billion, for a unit investment cost of \$57 per kilogram per year. In these new plants electricity at 4 mills per kilowatt hour would add only \$9 per kg to the unit cost of separative work, and other direct operating costs would be under \$1 per kg. Thus, the cost of separative work to a private owner of such a new plant, making a fixed charge on capital of 25% per year, would still be well under the AEC's present ceiling price of \$30 per kg.

Wherever the new diffusion plant is built, it will be important to have dependable electric power available at 4 mills or less. Sources of energy worth considering are the low-cost, uncommitted hydro sites of northern Canada, low-cost strip-mined coal in the western

United States, or a nuclear power plant itself, if costs can be brought back to 4 mills.

Another possible means for increasing U.S. uranium enrichment capacity would be to build a domestic gas centrifuge plant. Although all reliable information about this process is classified, prospective entrants into the uranium enrichment business will need to have full access to information on this process and its projected economies.

#### 5. ALTERNATIVES FOR MEETING FUTURE DEMANDS

Because of the importance of ensuring timely, adequate and economic supplies of enriched uranium, the AEC has been evaluating a number of alternative arrangements for future production of separative work, and a number of specific proposals have been made both in government and industry. Before describing and discussing the individual alternatives, it is well to note some general requirements listed as follows which should be met in any future arrangement:

##### *General requirements for uranium enrichment alternatives*

1. Dependable production.
2. High efficiency and low cost.
3. Fair pricing.
4. Fair return to Government.
5. Protection of classified information.
6. Fulfillment of Government's commitments.

Reliable operation and dependable production is obviously of paramount importance.

It is important that future owners and operators of diffusion plants have the competence and incentive to reduce costs. Despite twenty years of experience with the diffusion process, there is still room for improvement which could reduce costs substantially. For example, power consumption in present plants is about four times the theoretical minimum and unit investment costs are high.

If nuclear power is to compete on an equitable basis with other sources of power, the price charged for separative work should represent neither a subsidy nor an unreasonably high profit.

If the present plants are sold, the government should receive a fair price for them, taking into account not only their initial cost, their expected future life and the cost of equivalent new facilities, but also the great value of the U-235 already produced for military purposes. Determination of what constitutes a fair price may well be one of the most difficult features of any proposal involving sale of existing plants.

So long as diffusion technology is classified, it will be desirable to keep as small as possible the number of organizations and individuals who are given access to this information.

Through agreements for cooperation and toll enrichment contracts, the U.S. government has incurred obligations all over the world to supply enriched uranium for periods up to thirty years. In any future arrangement, the government will have to ensure that these commitments will be honored.

In addition to these general requirements, a number of specific considerations which affect certain alternatives will appear in the forthcoming discussion of individual alternatives.

The alternatives to be discussed are listed below. These cover pretty well the full range of those proposed. Adoption of one of these alternatives as an interim arrangement in advance of another is also a possibility.

##### *Alternatives for future production of enriched uranium*

1. Continued AEC ownership of all facilities.
2. Ownership by new Government corporation obtaining funds from private sources, like TVA.
3. Joint ownership by Government and private interests, like Comsat.

4. Single, privately owned, regulated monopoly, like A.T. & T.

5. Sale of all three plants to separate private owners.

6. Sale of two plants to separate private owners, with interim retention of third plant by Government.

#### 6. CONTINUED AEC OWNERSHIP

Continued AEC ownership of existing plants has recently been advocated by Chairman Hollifield of the Joint Committee on Atomic Energy. It is pointed out that this alternative involves least disruption of present operations, that present operations are already efficient and reliable, and that it would not be necessary to disclose classified information to additional persons. The reasoning goes: We're doing all right now; why change?

The most serious difficulty with continuing the present arrangement is the likelihood that the AEC will find it difficult or impossible to obtain approval from the Bureau of the Budget and Congress to obtain funds first for preproduction and later for expanded facilities, when the increased production is to be for purely commercial purposes. This is especially true in the present period of budgetary stringency. Annual congressional appropriation is not the most dependable process for ensuring the increased production on a tight schedule which will be needed if the growth of nuclear power is not to be held back by lack of enriched uranium.

There are other drawbacks to continued AEC ownership which are common to the next alternative, ownership by a new government corporation like TVA, and which will be discussed with that alternative.

#### 7. GOVERNMENT CORPORATION

The alternative of government ownership by a new corporation obtaining funds by borrowing from private sources like TVA has the big advantage of removing dependence on the Federal budgetary process and legislative appropriations. Another advantage is that it could be adopted without extensive negotiations between the government and private industry. Even though many, including myself, do not think this the best ultimate arrangement, it is regarded as a desirable interim arrangement to permit orderly development of means for meeting the future large increase in demand for separative work while a better ultimate arrangement is being worked out.

Other advantages of sale to a new government corporation include little interruption of existing operating arrangements, reassurance of prospective customers that separative work will be available when required, assured provision for future U.S. government needs, assured fulfillment of existing AEC commitments to supply separative work, minimal disclosure of classified information to additional groups, and reimbursement to the U.S. Treasury for the plants at a price considered fair by the government.

There are a number of disadvantages with government ownership of facilities producing primarily for the commercial market, in competition with private industry. The government uses different economic ground rules than are adopted by private firms responding to market influences. Traditionally, the government has used lower discount rates than private firms in evaluating capital expenditures. This leads to the government allocating more economic resources to productive ventures than private firms would and is viewed by many economists as a misuse of national resources. Use by the government of one set of ground rules in setting prices for separative work and use by private firms of another set in pricing alternative services or materials leads to biased competition and off-optimum allocation of resources. For example, if separative work were priced lower on the government pricing basis than it would

<sup>3</sup> Mr. Bogaardt and F. H. Theyse: Some Considerations Regarding the Design and the Operation of an Ultracentrifuge Facility. Paper presented at Conference on the Isotope Separation of Uranium, sponsored by the Italian Atomic Energy Commission at Turin, Oct. 1-2, 1968.

be on the basis of private industry, more nuclear and fewer coal-burning plants would be built, at greater real cost to the nation, and to the serious disadvantage to coal producers.

Continued government ownership would entail continued loss of tax revenue by the government, unless the government's price for separative work exceeded its costs by an amount charged in lieu of taxes.

Another objection to continued government ownership is the absence of economic competition to induce producers to advance technology, reduce costs and be more flexible in meeting the needs of domestic customers. Despite the high quality of AEC management of the diffusion plants and the dedicated and cost-conscious operation of the plants by Carbide and Goodyear, one would expect service more responsive to domestic customers' needs under competitive private ownership, and probably lower costs.

#### 8. JOINT GOVERNMENT AND PRIVATE OWNERSHIP

COMSAT-like joint ownership of all uranium enrichment facilities by a single company partly owned by the government and partly by private industry has many of the advantages and many of the drawbacks of ownership by a 100% government corporation. An additional advantage is that more of the principles and skills of private industrial management would be brought into the uranium enrichment industry. Partially offsetting this is the difficulty that representatives of different ownership interests, from government and from private industry, might have in reconciling divergent views and objectives. Also negotiations for sale of the plants would be more complex and time-consuming than to a government corporation.

#### 9. SINGLE PRIVATE CORPORATION

Of several proposals for sale of the diffusion plants to a single private corporation, I'm going to comment on only one. This proposal was made recently by Philip Sporn, who contributed so much to the U.S. uranium enrichment industry by his imaginative creation of OVEC, a power generating company jointly owned by several utilities which supplied electricity at low cost to the Portsmouth diffusion plant. To purchase the diffusion plants Mr. Sporn has suggested creation of another OVEC-like corporation whose owners would be six to twelve of the leading power companies of the United States with heavy commitments to nuclear power. The new corporation would produce all the enriched uranium made in the United States. This corporation would guarantee to supply the government's own future needs for enriched uranium and would take over the AEC's contracts to supply separative work. On the strength of its long-term contracts, the new corporation would be able to raise as much as 90% of its capital by sale of bonds, as OVEC has done. Profits on the remaining 10% of its capital in the form of stock owned by the participating power companies would be limited by some Federal agency such as the AEC or Federal Power Commission, which would be responsible for regulating profits and all other features of this monopoly.

This arrangement has most of the advantages of sale to a government corporation, except for the greater length of time that would be needed to conclude arrangement between the government and a private group. In addition, it has the advantage of bringing some of the economic ground rules of private business into the uranium enrichment industry.

Compared with sale to three different owners of individual plants, sale to a single private corporation has the advantages of simpler and shorter negotiations, less disruption

of existing operating arrangements, easier transfer of existing obligations of the AEC and disclosure of less classified information to fewer additional individuals.

There are however, a number of disadvantages to this arrangement which lead me to prefer having more than one firm provide enrichment services. The most serious objection I see to single corporate ownership is lack of competition, which provides such a strong incentive to improve service, advance technology and reduce costs. In addition, the lack of involvement of technically advanced companies from the process or manufacturing industries would deprive the uranium enrichment industry of the very substantial technical and managerial contributions these companies might make. Ownership of all uranium enrichment facilities by power companies which were the principal purchasers of its services and which in turn were not subject to the pressures of competition removes still further the spur of competition to keep the price of separative work low. Again, ownership of all uranium enrichment facilities by a single corporation could lead it to sell more separative work and buy less natural uranium than would represent an economic optimum. Finally, the proposed financing scheme of 90% debt and 10% equity reduces the tax revenue to the government compared with more usual industrial financing arrangements, even though it would reduce the cost of separative work and through it the cost of nuclear electricity.

Some of these disadvantages of a utility-owned monopoly could be mitigated by including firms from the process and manufacturing industries among the part owners.

#### 10. THREE PRIVATE CORPORATIONS

Sale of each of the three diffusion plants to a different private corporation has been advocated in the recent report of the Atomic Industrial Forum's uranium enrichment study committee.<sup>4</sup> One big advantage of this arrangement is provision of competition in a normal economic environment. Competition should improve service to domestic customers, advance technology and reduce costs, and with suitable precautions would keep prices within reasonable bounds. Decisions between additional capital expenditures and increased operating costs would be made on the same economic basis used elsewhere in industry. This industry would compete on the same basis with the uranium mining industry and other elements of the nuclear fuel cycle, and with the fossil fuel industry. And most important, some of this country's leading process and manufacturing firms would be encouraged to bring their talents to bear on uranium enrichment technology and thus hopefully lower costs.

Sale to several private groups is not without problems. More individuals would have to be given classified information. Full details of gaseous diffusion technology and centrifuge technology would have to be disclosed to firms interested in purchasing a diffusion plant. Assurance would be required that the new plant owners would honor the AEC's present commitments to sell separative work and to supply the government's future needs for enriched uranium. Negotiations would be complex and time-consuming, so that transfer of the plants to their new owners would take longer than to a single corporation.

The most novel element of diffusion plant technology is the separating membrane, or diffusion barrier. The AEC has only one facility for developing and manufacturing bar-

riers, at Oak Ridge. If all three plants were sold to different groups, the disposition of the barrier facility would present a problem.

With all three plants in private hands, it would be difficult for other firms to build additional diffusion plants because of the difficulty of gaining access to privately held, classified technology.

Finally, there is a real question whether three completely unregulated firms would provide fully effective competition. Studies by Robert Frederickson, one of my graduate students, have shown that U.S. demand for separative work will be relatively inelastic, that is, the amount of separative work sold would not greatly be affected by the price. With only a few firms in competition, self interest would cause higher prices to be charged than if many firms were competing. The remedy for this situation is either to have some form of price regulation or to make it easy for additional firms to enter the field if prices were raised above the cost to a new producer.

#### 11. INTERIM SALE OF TWO PLANTS

To gain the advantages of private ownership of the diffusion plants by more than one firm while dealing with the problems just mentioned, the following compromise course of action has been suggested.

As an initial step, all diffusion plants would be sold to a single government-owned corporation authorized to borrow from private sources, so that preproduction and plant improvement could continue in an orderly manner. After a short time specified in its charter, the new corporation would offer for sale the Paducah and Portsmouth plants to two different private groups under competitive bids. The corporation would retain the Oak Ridge plant and barrier facility until a fourth plant was in operation, at which time the government would be committed to withdraw from the industry through sale of the Oak Ridge facilities. The government would announce that until that time separative work from the Oak Ridge plant and in the form of preproduced enriched uranium would be sold at or under the ceiling price of \$30 per kilogram, escalated when necessary. The Oak Ridge plant would be used to fulfill the AEC's present commitments. The Oak Ridge plant would be used to provide information on gaseous diffusion technology to additional firms who decided to build new plants when the market justified new capacity. This would reduce the bar to entry of new firms which would exist if all plants were in private hands. This arrangement would provide indirect regulation of the price of separative work until at least four firms were competing. Interim retention of the Oak Ridge plant would give interested firms time to acquire capability to manufacture and improve barrier.

By these means uranium enrichment would become a normally functioning part of privately owned, competitive U.S. business, and the last, anomalous element of government ownership would be removed from the commercial nuclear power industry.

#### 12. CONCLUSIONS

I'm going to conclude by stating three main points that I'm personally convinced of. First, continuation of the present arrangement of AEC ownership and operation of the diffusion plants will not ensure that uranium enrichment capacity will be expanded as rapidly as needed for the growing nuclear power industry. Second, sale of the diffusion plants to one or more private owners is both feasible and desirable. Third, competition among four or more independent plant owners is preferable to ownership of all plants by a single monopoly.

It will be interesting to hear the panel's views on these and related points.

<sup>4</sup>Private Ownership and Operation of Uranium Enrichment Facilities. Report of a Study Committee of the Atomic Industrial Forum, June 1968.

COMPARISON OF PRICES AND COSTS OF SEPARATIVE WORK

Prices:						Per kilogram
AEC's present price.....						\$26
AEC's ceiling price for toll enrichment.....						30

  

	Capital cost	Capacity, tons per year	Unit investment cost, per kilogram-year	Direct operating costs per kilogram	Total cost <sup>1</sup> per kilogram
Cost:					
From present plants.....	\$2,000,000,000	17,000	135	15.0	\$48.75
	<sup>2</sup> 1,360,000,000		80	15.0	35
	<sup>3</sup> 1,000,000,000		59	15.0	29.75
From Cascade improvement.....	475,000,000	4,700	101		20.20
From power uprating.....	130,000,000	4,100	32	11.5	19.5
From new diffusion plant:					
At Paducah.....	1,000,000,000	17,500	57	10.0	24.25
At new site.....	1,300,000,000	17,500	74	10.0	28.5
From centrifuge.....	330,000,000	2,500	131	8.0	40.75

<sup>1</sup> Fixed charge rate is 25 percent per year  
<sup>2</sup> Depreciated value as of 1967  
<sup>3</sup> Estimated depreciated value as of 1972

CRIME

The SPEAKER. Under a previous order of the House, the gentleman from Virginia (Mr. Poff) is recognized for 15 minutes.

Mr. POFF. Mr. Speaker, I am sure that all my colleagues will agree, our constituents are deeply concerned—and, indeed, alarmed—about crime and rightly so. Crime has invaded the American home. It drops in through the mail slot. It pursues our children from the schoolyard. It is delivered in the grocery bags. Crime is not always violent; it can be insidious.

I am talking about the obscenity that is being put into the hands of our families through the use of the U.S. mails.

I am talking about the sale of narcotics and dangerous drugs which have been smuggled into this country and are put into the hands of our children by the professional—and often the desperate—criminal.

I am talking about the price we pay for organized crime, even in the weekly food bill.

A lock on the door or a policeman on the corner cannot provide adequate protection from this kind of criminal influence. There must be more. There must be a nationwide attack on this nationwide problem.

In launching this attack, we must know what we can expect in the way of leadership. We do not expect that this administration will produce a quick cure for what has become a chronic condition. What we do expect is that the administration will show us new approaches for using the laws we have to better attack the problems we have. Then, if this Congress is to use legislation as the problem-solving device it should be, we must use every means at our disposal to better understand the scope of the problems and how they affect the people of this country.

We can begin by looking at two or three areas of criminal activity.

In 1968 over a hundred thousand complaints about obscene materials in the mails were reported. How many more were unreported?

The adults in our society can reject the influences of lewd materials which come, without request, into their hands, but what about the influence on the children of our society? The use of the U.S. mail

service is a matter of Federal responsibility. We must respond to the need for better regulation.

A more damaging influence than the smut peddler is the pot peddler in our society. Studies have revealed that use of drugs runs as high as 50 percent in certain population groups in the country. Even more appalling is the increasing number of young people who come under the influence of narcotics and dangerous drugs. There is a pressing need to stop the illegal flow of these drugs into our country and throughout the country.

Neither the dissemination of obscene materials nor the traffic in dangerous drugs is anything new. These activities have been with us for some time. What confronts us today, however, is the proportion to which these activities have begun to affect us all—and especially our young people.

There are many other areas I could mention, but I will move on to that hydraheaded principal citizen in the world of illegal activity. He is an empire builder who funds his vast enterprises with profits from crime. He is a businessman of the first order who controls money and who controls lives that could otherwise be contributing to lawful productivity in this country. This principal citizen of the underworld is organized crime.

The Task Force on Organized Crime of the President's Commission on Law Enforcement and Administration of Justice reported:

The price of a loaf of bread may go up one cent as the result of an organized crime conspiracy, but a housewife has no way of knowing why she is paying more. If organized criminals paid income tax on every cent of their vast earnings everybody's tax bill would go down, but no one knows how much.

Dealing in narcotics, loan sharking, gambling, and through the infiltration of legitimate business, organized criminal groups extend their operations to every corner of this country.

Profits from any illegal transactions flow into the channels of organized crime and fill its giant financial reservoirs. It is this fact which makes this area of criminal activity so awesome. We have laws to cope with this problem, but we need determination to use them more effectively.

In enumerating even a few of the prob-

lems of law enforcement, I would be remiss if I did not mention our system of corrections.

Our concern with crime does not end when we have enforced a law and convicted a lawbreaker. Our concern merely shifts from focusing on the illegal activity to focus on the individual who has offended.

Too often a prisoner is released only to repeat his pattern of behavior. In this respect we are failing in our corrections system.

Not only do we frequently fail to return a better citizen to free society, but we sometimes return a person who presents a greater danger than when he was incarcerated in the first instance. We must find a means to insure that those who first enter our prisons do not become the students of the hardened criminals they find there.

Mr. Speaker, it is a time for a new commitment to more effective Federal leadership in the fight against crime. With meaningful leadership and a sincere effort on our part to better understand the problems against which we need to legislate, we can find solutions. But we cannot find them all ourselves. No governmental unit, State or Federal, can fight this battle alone. We must have a concerted effort.

All across this country there are citizens and groups of citizens who would lend their knowledge and energies to thwart this invasion of crime. As a part of our concerted effort, we must involve these people so that we may profit from their ideas and their experiences. We must find a way. I believe this administration, with the support of Congress, can find the way.

TALKING THE NITTY GRITTY ABOUT COLLEGE DISORDERS

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

Mr. EDWARDS of Alabama. Mr. Speaker, the outbreak of violence at Harvard University in the past few days provides fresh evidence that disorder in American colleges and universities is with us today as much as ever.

The Harvard situation also reveals still another sign that the Students for a Democratic Society—SDS—plays a consistent role in campus disorder, a role that must be considered as significant in any realistic appraisal of this matter.

One of the student leaders of SDS at the University of Wisconsin was quoted recently on the methods SDS uses to reach students. He said they start by talking to people on the top floor of a dormitory, and work down. He says:

We talk nitty gritty, basic radicalism, getting control of your life from the forces which are manipulating you.

He adds that they pick the issues that can be given a "nitty gritty context" like draft resistance, the rental rate of rooms, party rules, and regulations for visiting hours in dormitory rooms.

The idea is that ferment spreads to all floors of the dorm, and then to other areas of the campus. And soon you have

got a riot, or a sit-in, or some form of disorder going.

This kind of activity is a very real part, though not the whole story, of the campus disorders which have taken place in recent months.

These disorders are complex in their origin and in their variations. And they are serious because they have produced interruptions in classes, hate and misunderstanding, and even violent death to some.

I believe there is a deep need for all concerned to consider these events carefully, try to get a proper perspective, and try to separate the sense from the nonsense: in short, to talk the nitty gritty.

With that in mind we should take a moment to see just who the people are who have become involved, and who are affected, by these campus disorders. And having determined who the people are, then let us talk nitty gritty.

#### THE ORGANIZERS

Let us consider first the people who are doing the rioting. These are of two groups, the organizers and the organized. Of these two groups the organizers are a small minority in numbers, but their organizing activity has real and decisive influence in the nature of the disorder.

The organizers themselves are of two groups. The first are the so-called white radicals who rise to whatever cause seems to have high potential for the agitation of student emotion and protest on any particular campus.

The issue may be room rental rates, black studies programs, draft resistance, authority to hire and fire faculty members, or other issues, such as the ROTC program which is the issue at Harvard today.

These people say they oppose the "establishment" in general, and their college administrators in particular. They say the education programs must be more relevant, and that students must have more say in running the campus. They claim to stand for social justice.

The second group of organizers are the so-called black militants who focus their attention on what they say is the need for better breaks for black students.

This means more black students admitted, more black faculty members hired, and more, not less, separate campus activity for blacks, including segregated living quarters in some cases, and programs of black studies.

The idea of black separatism is very alive on some of our college campuses. At the new Federal City College in Washington, D.C., for example, the concept of black studies has mushroomed in a few short months.

The idea started with courses in humanities and social sciences to convey a realistic view of the constructive role played by blacks in our country. Today it has grown in its concept to a college within a college designed to build a separate "black nation" through militancy and violence.

The new approach might include courses in black physical education with instruction in karate—though it is Japanese in origin—stick fighting, riflery, and the "African hunt." And also "black mathematics."

The proposed curriculum, according to my information, provides for the first 2 years devoted to eradicating "white values" from the minds of new students. The latter 2 years are intended for structuring attitudes of separatism.

The man heading the black studies program evidently is a man who has lectured students elsewhere on the making of firebombs and handgrenades.

While not all the faculty, and perhaps only a minority of the students at Federal City College share these militantly separatist views of what a black studies program should be, the direction of the project must be of great concern for those who have believed that integration, not segregation, is our national policy.

Federal City College depends on congressional appropriation for a substantial proportion of its support. Can Congress responsibly vote funds for a college which appears to foster such an approach to education? I do not think it can.

As a member of the House Appropriations Committee I will want to know if the college provost has been correctly quoted as saying "A well-disciplined and intense cadre of white radicals and black separatists who neglect academic principles for revolutionary ends" has almost taken over the faculty of Federal City College.

These organizers, black and white, are skillful, well-trained, cynical people whose interests are not constructive, but destructive. Some, but not all, are associated with SDS. Some are not really students at all, but pretend to be.

Some remain in one place and become known as local people, while others go from campus to campus. Most concentrate their activity at college level, but some are now working vigorously at the high school level peddling drugs, hate, and obscenity as part of their organizational work.

The nitty gritty to consider here is that these people do not in any way want to make education work better. On the contrary, they are working for revolution pure and simple. They seek to destroy, not build; to kill off the democratic system, not improve it.

#### THE ORGANIZED

The second major category of persons involved in campus disorder are those who simply respond to the agitational techniques of the organizers.

And there is a fertile field of young people who are susceptible, receptive to the seeds of distrust, misunderstanding, hate, and violence planted among them.

The college-age population of our country today is the first generation weaned on television. These are people who have vicariously experienced an incredibly broad range of events, from orbiting the moon, to heart transplants, from monstrous science-fiction violence to deadly combat in Asian jungles, all in living color.

Problems of the world have been neatly packaged for these young people in 5- or 15-minute wrapups just before the special reports on starvation in Biafra. They have been interpreted in honeytoned voices which in some cases have become

more familiar than those of mother and dad, but just on what basis this interpretation is prepared, few can be expected to inquire.

Scientific advancement has been awesomely fast in the past 15 years, far faster than anyone's moral judgment can match. Broadcast and printed advertisements have promised instant solutions for all kinds of maladies both real and imagined.

Furthermore, Government has been guilty of engaging irresponsible in promising easy solutions to immense problems. Total reliance on Government has been encouraged while individual and family reliance has been discouraged. Irresponsibility has been fostered as an ingrown element of official Government programs.

In too many cases the parents of today's college-age people have believed that maximum permissiveness was the only way to encourage self-expression, and that this was the main goal. Providing direction to a child has been considered to be an inhibiting influence.

Is it any wonder that college students are susceptible to those who claim to stand for social justice?

Most college students today are morally sensitive, impatient, sophisticated, and filled with a sense that the world is such a mess that about any course of action they devise would have to provide improvement. To this extent their attitudes should be welcomed, and encouraged in a positive, constructive direction.

But with some, their impatience exceeds and distorts their perspective. They seek instant gratification, and see no reason why they shouldn't have it.

Without goals, without a real concept of direction either for themselves or for their communities or their country, and without an understanding of comparative political and economic realities, they easily drift into attitudes of alienation. They support nothing and oppose everything.

They are easy game for the organizers who urge "socially significant" mob action as a means of establishing "justice" and "relevancy." In the nitty gritty context, the manipulators have gained control of the alienated, not in any radical or innovative way, but in the same way despots have gained control of the masses from the beginning of history right down through Hitler, Stalin, and Mao Tse-tung.

#### THE SERIOUS STUDENTS

But these organizable students are not the majority at all. The majority of today's students are aware, morally sensitive, intelligent people who retain their perspective. What they want is simply to pursue their education.

These serious students, white and black alike, probably do not give full approval to their college administration in most cases. But they are responsible, energetic, capable, and most important, understanding that an education will provide them with immense opportunity.

They sense, and rightly so, I think, that while nobody owes them a living, their opportunities for an education are very valuable, and that with an education their prospects for pleasant and produc-

tive lives within the system are virtually unlimited. They want change on the campus to be constructive, not destructive.

The nitty-gritty consideration here is that these serious students ought to be accorded full rights to pursue their education free of disruption engineered by the malcontents.

To say that a minority of students can rightfully close down a college or university when the majority wishes to learn, and to do this under the camouflage of social justice, is blatant hypocrisy.

#### THE COLLEGES

Now what about the colleges themselves? Do they need improvement? Of course they do. Many of them provide only very impersonal, computerized contact between the student and the college administration.

At one university each student's primary identification is his social security number, for example. And it may be that in social sciences, education, and humanities, there are tendencies to drift away from the kind of study material today's students would consider most useful.

There is probably a core of legitimacy to many of the major complaints heard on the campus today. The tendency for an established system of administration to perpetuate itself in its own image must be at least as strong on a college campus as in business, government, or elsewhere.

But the nitty-gritty to consider here is that our system of higher education must be doing something right, or we would not see our economic, scientific, industrial, and yes, our cultural achievements be what they are today.

They must be doing something right or U.S. higher education, in terms of its overall quality, and availability, would not be the immense envy of almost every nation in the world today.

To suggest that dissent has been stifled on college campuses in this country is absolute tommyrot. In no place and at no time in the world have opportunities for student expression of opinion, whatever that opinion may be, been greater than on the American campus today.

The militants, black and white alike, are as phony as they can be when they use the shibboleth of "dissent" as a tool with which to organize student mob action. They do not want improvement of the education system, they clearly want its destruction. They do not want reform, but closing of the classrooms.

Concerned students must come to draw the distinction between constructive improvement and destructive emotionalism: between those who really want an education and those who seek to manipulate others as a weapon for bringing down the social, educational, and cultural fabric of the Nation.

#### THE GOVERNMENT

When disorder breaks out on a college campus there is a natural reaction among many people to have the Government, Federal or State, jump into the fray and restore order. But while there are some steps government can take, the realistic solutions must develop on the campus itself. The National Guard, the Army, and Federal dictation have no place in edu-

cation. The strength of American education is in its decentralized character, not in centralized authority. Washington cannot, and should not, be in the business of standardizing admission qualifications, hiring faculty, regulating visiting hours in dormitories, or otherwise imposing its will on matters which are rightfully the responsibility of colleges and universities themselves.

College administrators should, in my view, be quick to eject from the campus those individuals who show their motives to be destructive rather than constructive. Some have done this. More should follow.

But they must be afforded every opportunity to keep their own house in order before Government takes it upon itself to interfere. And yet, because of the violence, the destruction of property, the take-over of school buildings, the use of the National Guard and other elements of the Government in some cases becomes essential. Of course this is regrettable.

The Government can help in other ways. What are some of the steps that the Government can properly take?

To help deal with the core agitators, Attorney General John N. Mitchell has said that the Justice Department is vigorously investigating possible violations of the antiriot provisions of the 1968 Civil Rights Act.

As one of the sponsors of the antiriot provision I am encouraged by this development. This provision makes it a Federal crime to cross State lines with intent to incite or organize or encourage or participate in a riot.

The Attorney General has said that small numbers of people are doing just that today in events leading to college disorders. This law should be enforced. It is my judgment that the intent of Congress stands in support of enforcement and that the public takes the same position.

Another way the Federal Government becomes involved is in connection with its program of assistance. Title VI of the 1964 Civil Rights Act permits Federal agencies to withhold funds from programs in which there has been found to be discrimination on account of race, color, or national origin in the application of such funds.

The militant advocates of black studies programs are blatantly promoting programs that clearly meet this definition in cases where Federal programs are involved. The Department of Health, Education, and Welfare appears to be taking action in this regard. The issue appears to be drawn. I am convinced that the people of our country today in 1969 expect to see an evenhanded application of provisions of this kind. Segregation, if a wrongful phenomenon by terms of legislation, executive branch policy, and Supreme Court decision, then must be wrong wherever it occurs. And if black militants now demand segregation, consistency demands that either we act against it or else undertake a massive new look at the whole issue of segregation itself.

Still further, Congress provided in 1968, in amending the Higher Education Act, that Federal school assistance to an

individual be cut off when an institution determines that he has been convicted of a crime or when he willfully refuses to obey a regulation of the institution and the refusal is of a serious nature and contributes to a disruption of the institution's activities. This is a mild measure because it leaves the primary discretion where it was at the beginning, with the college administrator. However, it does provide the college with an additional tool for handling its affairs.

A more effective action was taken by Congress in adding to the fiscal 1969 HEW appropriations bill a provision that bars Federal aid to any student who has been convicted of a crime in connection with college disorders. Federal action under this law, however, depends first on a conviction having in fact been made. It does not authorize blanket Federal action in cutting off aid. In this connection it is useful to note that legislatures of some 18 States are now considering some form of antidemonstration laws. They should be encouraged. As convictions of illegal behavior increases then the Federal Government will be enabled to at least stop helping the trouble-makers.

The Department of Health, Education, and Welfare should, in my view, and in the view of millions of Americans, use the legal tools at its disposal to maximum effectiveness. And I feel optimistic that this will be the case. According to my information the Department has sent notice to the Nation's colleges that convicted campus demonstrators are not eligible for Federal aid. I regard this as a first step in the right direction. Additional steps should be taken soon.

#### CLEARING THE AIR

It seems evident that what we need on the college campus today is a clearing of the air. There has been a great deal of fog—confusion that has developed, and deliberately developed, by small numbers of organizers who are using other persons for their own ends.

These organizers claim to champion the cause of free expression, nonconformity, and participatory democracy, but they really are working to produce an anarchy which would be followed by the tightest authoritarian government. I believe they understand this. The end result would be suppression of freedom, rigid conformity, and a police state.

An important key to the behavior of these people is that they indulge themselves in the easy act of negativism, entering criticism of what exists, but they stop there. When asked to suggest in a positive way what it is they set forth as an improved system they are very vague. The fact is they have either nothing at all to suggest or else they really favor a dictatorial system which they dare not mention in the knowledge that if they did so their gross hypocrisy would be exposed.

They say they need to be afforded a greater measure of responsibility in their own lives and in the administration of colleges, but one of their first demands is often to be granted assurance that they will not be held responsible for their disorderly activity.

This is absurd. They talk first about the need for open discussion of their grievances, but end by presenting demands they say are "nonnegotiable."

The nitty gritty to consider here is that these organizers are not really opposed to power and the establishment. On the contrary they simply want to be the establishment and to have the power themselves.

They are not libertarian, but authoritarian. They do not want free individuals, but individuals subservient to them. They do not want free inquiry, but rather a closing off of debate and discussion, enforced by their own decree and their own power.

These are the facts as I see them. It is my hope that persons concerned with this problem will utilize reason and commonsense in their considerations, and that our education system will continue to grow and improve and serve our Nation well.

#### THE EMERGENCY SMALL LOAN PROGRAM: ITS BENEFITS TO THE ROSEBUD SIOUX TRIBE OF SOUTH DAKOTA

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

Mr. FARBSTEIN. Mr. Speaker, during the past few weeks I have been calling attention to the emergency small loan program which was established in 1966 by my amendment to the Economic Opportunity Act of 1964. Through the provisions of this program low-income families have been able to secure small loans, not exceeding \$300, to meet immediate and urgent family needs. These loans bear an interest rate of 2 percent and are subject to those other terms and conditions which a local emergency loan authority may prescribe.

At present this program is operating in at least 15 locations throughout the country. In surveying the results of this program to date, I have been in contact with most of the local units and am gratified at the success which the incoming reports detail.

It has been especially pleasing to follow the progress of the program established with the Rosebud Sioux Tribe, of Rosebud, S. Dak., located in the Second Congressional District of South Dakota. The participants in this program are well represented in Congress by the Honorable E. Y. BERRY. They are participating in the type of program we should have extended to these and other Indians long ago. A loan for emergency purposes is something to which most adults have ready access; the negotiations of such a loan for various urgent family needs is no uncommon matter, even for those families which are relatively well off financially. Paradoxical as it may sound, emergency loans are easily available to those who need them least and unavailable to those who need them most. Commercial lending agencies will not make loans to families whose incomes are so meager as to constitute an unacceptable risk to the lender. The emergency small loan program amendment was enacted to fill the breach in the general coverage

provided by private lending agencies. Unlike commercial lending agencies, however, the emergency small loan program services a clientele whose income, at best, provides only the necessities of life; any constriction of income, therefore, affects their vital needs immediately. Consequently, we can easily imagine how important an innovation the emergency loan program has been.

Let me turn to the pertinent specific facts of this program. The emergency loan program originally made \$15,000 available to the OICUYAPI Federal Credit Union of Rosebud. This \$15,000 was used to make a total of 196 loans. Of this amount \$6,088.93 has been repaid along with \$159.47 in interest which has been forwarded to the U.S. Treasury Department. Administrative costs credited against loan funds have been only \$440.47. The program allows a certain flexibility where delinquent loans are involved and repayment will be slower in some cases than in others. The community development specialist administering the program has so many basic needs which the loan program was devised to serve that he has recommended a major increase in funds to service those needs.

In thinking about this type of legislation our field of vision is somewhat dimmed by our distance, geographically and socially, from the give-and-take with the poor which the administrator out in the field experiences. Clarity, in this respect, might therefore be increased by including a comment from the response to my letter by the administrator on the Rosebud Indian Reservation. We should take note of the hopeful and persevering tone which his remarks reflect:

If a person would stop to realize that this money was loaned to the true poorest of the poor then you could call this true success. These poor people have not stopped paying on their loans. Granted the payments are small, but at times the payments are even more than they could afford, when they make sacrifices so they can make their loan payments it makes a person proud to be associated with them.

The participants on the Rosebud Indian Reservation offer us an insight into the potential of this program. The conclusions drawn from reflections upon poverty in America no longer point to the acceptance of a permanent welfare clientele. They point, rather, toward full participation in America's economy and full citizenship in her political processes. The emergency loan program is not a dole, not a handout, and not a giveaway; but, instead, it is the essential ingredient in the recipe of self-help and the mainspring in the dynamics of productive citizenship. The recipients are encouraged to solve their own problems with the assistance of a small loan and their own resources of wit and determination. The success of their own efforts, besides developing initiative and innovative skills, results in a sense of pride on repayment and dignifies their lives by demonstrating the value of their own abilities. We are indeed fortunate, therefore, to have a program established on the Rosebud Sioux Indian Reservation among a people whose traditions include a strong emphasis on self-reliance. Sometimes considered the forgotten American, the

Sioux Indian can now illustrate to the rest of this Nation the power of pride, dignity, and self-reliance if but given the chance; they remind us of others we have forgotten who need the same chance.

We are fortunate to have these people participating and could undertake few projects more worthy than the extension and expansion of the emergency small loan program.

#### THE NATION NEEDS AND DEMANDS TAX REFORM NOW

The SPEAKER. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 15 minutes.

Mr. REUSS. Mr. Speaker, on April 3 I testified before the House Ways and Means Committee on H.R. 5250, the Tax Reform Act of 1969, which would plug 13 of the leading loopholes in our Federal tax system and bring in an additional \$9 billion a year in revenue. A total of 42 Congressmen have now sponsored H.R. 5250 and later identical or substantially identical bills.

The following is the text of my prepared remarks before the Ways and Means Committee:

Public clamor for a reform of our complex, inequitable and unbalanced tax structure mounts daily. The Nation is paying and has paid very dearly for the failure of successive administrations and congresses to carry out such reforms. It has often been said that tax reform is always in order, but this is a particularly propitious time for Congress to take the lead to carry out a tax reform of our jerry-formed tax structure.

I have introduced H.R. 5250, which would plug 13 of the leading loopholes in our federal tax system. Identical or substantially identical bills have been introduced by 32 other members: Mr. Meeds, of Washington; Mr. Rees, of California; Mr. William D. Ford, of Michigan; Mr. Moorhead, of Pennsylvania; Mr. Adams, of Washington; Mr. Bingham, of New York; Mr. Brown, of California; Mr. Zablocki, of Wisconsin; Mr. Edwards, of California; Mr. Gibbons, of Florida; Mr. Conyers, of Michigan; Mr. Long, of Maryland; Mr. St. Onge, of Connecticut; Mr. Farbstain, of New York; Mr. Podell, of New York; Mr. Byrne, of Pennsylvania; Mr. Thompson, of New Jersey; Mr. Mikva, of Illinois; Mr. Ellberg, of Pennsylvania; Mr. Yatron, of Pennsylvania; Mr. Rosenthal, of New York; Mr. Vigorito, of Pennsylvania; Mr. Koch, of New York; Mr. Nedzi, of Michigan; Mr. Dingell, of Michigan; Mr. MacDonald, of Massachusetts; Mr. Blatnik, of Minnesota; Mr. Karth, of Minnesota; Mr. Roybal, of California; Mr. Brademas, of Indiana; Mr. Madden, of Indiana; and Mr. Vanik, of Ohio.

H.R. 5250 would plug the following loopholes, yielding the following additions to the federal revenues:

Cut the 27½ percent oil depletion allowance to 15 percent, with comparable cuts on other minerals—savings \$900 million

Tax Capital gains presently untaxed at death—savings \$2.5 billion

Repeat the 7 percent investment tax credit—savings \$3 billion

Eliminate unlimited charitable deductions—savings \$60 million

Eliminate special tax treatment for stock options—savings \$150 million

Eliminate the income tax exemption for the first \$100 in dividend income—savings \$225 million

Eliminate tax benefits derived from or-

ganizing multiple corporations from a single firm—savings \$200 million

Remove the tax exemption on municipal industrial development bonds—savings \$50 million

Provide a federal interest subsidy to states and localities as a substitute for tax exempt bonds—savings \$900 million

Establish the same rate for gift and estate taxes by raising the gift tax rate 25 per cent—savings \$150 million

Eliminate payment of estate taxes by the redemption of government bonds at par—savings \$50 million

Limit hobby farmers' use of farm losses to offset other income—savings \$400 million

Eliminate accelerated depreciation on speculative real estate—savings \$150 million

The \$9 billion which would be yielded annually by plugging these loopholes is precisely the yield projected by the Administration in its request for extending the 10 per cent surtax for a year following June 30, 1969. Raising all the needed \$9 billion by plugging loopholes rather than by extending the surtax would be the best solution. A good second best solution would be to plug as many loopholes as possible, and reduce the rate of the extended surtax as needed to reflect these added revenues.

Detailed testimony concerning the loopholes specified in H.R. 5250 has been and will be given on other occasions. Today, I shall concentrate on some of the overall reasons why the need for tax reform is both imperative and immediate:

1. **The Taxpayers Revolt:** An outraged public is smarting with a sense of grave injustice from a tax code that provides special privileges, producing drastically different tax bills for different individuals and families with essentially similar economic status. When 150 taxpayers with incomes over \$200 thousand per year can pay little or nothing at all, it is not surprising that the public is in a mood for revolt.

When taxpayers in the very highest brackets pay tax rates as low or lower than paid by relatively modest tax payers, when they pay anything at all, it is not surprising that the public is outraged. Nor is it surprising that the outgoing Secretary of the Treasury, the Honorable Joseph Barr, warned the Joint Economic Committee in January that unless there was immediate tax reform we could look forward to a tax-payers' revolt. This would be particularly serious since our major tax, the income tax, is an essentially self-enforced or self-assessed tax.

We need tax reform now, not later, because the cost to the taxpayer of dealing with the present complex and inequitable structure is mounting to unreasonable levels. When taxpayers of modest means go to substantial costs of hiring a tax counsel to fill out their annual tax returns, something is wrong. When a retiree has difficulty understanding how to file a tax return involving his pension, something is really wrong. We need to do a drastic job of simplifying the tax structure, reducing the numbers of loopholes and special privileges so as to reduce the cost to taxpayers for compliance with the law, and to eliminate incentives to spend time and resources on tax evasion rather than productive activity.

2. **Tax Reform Can Fight Inflation:** The time is propitious for tax reform because inflation continues to mount unabated, despite the passage last year by the Congress of the Revenue and Expenditure Control Act of 1968. Indeed, there is some evidence that the inflation is accelerating. Consumer prices have been rising at a rate just short of 5 percent a year. The Nation's demand for goods and services in the first quarter of this year was apparently somewhere between 8 and 9 percent above the first quarter of last year, although official figures are still lacking, and private demand is being driven upward by an investment demand completely

outside the bounds of prudence. The most recent survey, the Commerce-SEC Survey of Plant and Equipment, estimates that expenditures for plant and equipment will be 14 percent higher than in 1968. This, in the face of an operating rate of less than 85 percent in manufacturing and the fact that such investment last year was already at an unsustainably high rate, according to some experts.

One cannot be complacent about the inflationary threat if one thumbs through the forecasts for this year that have been made over successive months, for they show a tendency for each successive round of appraisals to be more optimistic than the previous one. Since the inflation is decidedly unbalanced, and in the private sector largely sparked by excessive investment, it is clear that additional fiscal policy steps must take the form of tax reform that can sharpshoot, so to speak, at the precise sources of the difficulty. Loopholes that particularly produce inflation are the investment tax credit, the hobby farm loophole, and the accelerated depreciation provisions on speculative real estate. All these inflate the price of capital goods of farm land, and of urban real estate.

3. **Tax Reform Can Fight Inflation Without Increasing Unemployment:** We need tax reform now at this session because we cannot afford to rely wholly on a meat-axe approach, chopping away at demand in general via across-the-board expenditure cuts or across-the-board tax increases, since this would simply produce mounting unemployment and recession which we cannot afford. It is not fair to ask the less fortunate in society to bear the burdens of stopping an inflation in the form of mounting unemployment. Tax reform has the virtue that it can be aimed directly at the sources of our difficulty.

4. **Tax Reform Is Needed To Raise Revenue For Crying Social Needs:** As a Nation we have postponed action, or have done too little, on the whole range of pressing social problems, ranging from retraining of the chronic unemployed through reconstruction of our central cities, producing adequate housing for low income families, to education and adequate health protection. Violence and riots from coast to coast warn us that the time for further postponement is over. At the same time, an outraged public will not stand for putting the burden of these problems exclusively on middle-income recipients while the rich and the speculators go comparatively untouched. If we are to meet our obligations and to bring some semblance of peace to our distressed nation, we shall have to create a greater sense of social justice, and this means meeting our problems head-on and raising the needed revenue by a tax structure which everyone will realize is reasonably equitable.

5. **Tax Reform Is Essential If We Are To Prevent The Bankruptcy Of Thousands Of State And Local Governments:** Already the press carries rumors that some urban school systems may be unable to re-open next September. The difficulties of our cities is, in part, an outmoded structure of the governments of our state and local municipalities. But it is also the result of inflation. Over the last 40 years the cost of operating State and local governments has gone up 1½ to 2 times as fast as has the general price level, while at the same time it is well known that the revenue of these government units go up at best in line with the general price level, perhaps somewhat less rapidly. Thus in an inflationary situation, the cost for any given level for services by local government goes up much more rapidly than their sources of revenue. We will never be able to solve the difficulties of providing adequate State and local governments services as long as we allow inflation to continue unchecked.

6. **Tax Reform Is Needed To Protect Our Competitive Free Enterprise System:** I am

sure that all of you are well aware of the enormous burst of mergers—particularly conglomerates—that has occurred in recent years. The tax law quite evidently favors such mergers. We need to be concerned to change tax structures in such ways as to remove the incentives which promote giant mergers of capital via conglomerates. We cannot expect a healthy competitive system marked by imaginative innovations in products, services, and techniques, if we permit the tax structure to favor the elimination of competition of that independent, innovative spirit which marks a true free enterprise system.

Now let me turn to just one specific loophole—the 7 percent investment tax credit\*—because its immediate repeal has so much to be said for it.

Congress knows how to rid itself of the 7 percent investment tax credit. We did it in 1966. But then in an unguarded moment we reinstated it in 1967. We must now rid ourselves of it for good.

Here are three principal reasons why the investment tax credit should be repealed:

1. **It Would Recapture \$3 Billion A Year For The Revenues:** This is no small amount—in fact, it is precisely one-third of the \$9 billion that would be raised by continuing the 10 percent surcharge past next June 30.

2. **It Is A Leading Cause Of Inflation:** The most overheated section of the economy is in capital equipment, which is directly stimulated by the investment tax credit. The latest Department of Commerce predictions envisage a 14 percent increase in capital equipment spending this year over last year's record-breaking total. And this is occurring at a time when capital investment has so far outrun consumption that our industrial establishment is operating at only 84 percent of capacity. The 10 percent surtax is failing to reduce inflation because of the perverse effects of that other part of our tax system—the investment tax credit.

3. **It Is At Least Partially Responsible For Our Present Sky-High Interest Rates, The Highest In 100 Years:** The expected \$73 billion in capital investment spending this year is at its swollen size largely because of the investment tax credit. Tight money and high interest rates are by no means entirely chargeable to Federal Reserve parsimony with the money supply. The Federal Reserve last year increased the money supply at an inflationary rate, and even this year it has been increasing the money supply at an annual rate of 2 percent—the figure postulated by the Joint Economic Committee as just about right. What causes the tight money and the high interest rate is excessive borrowing by business for unnecessary capital equipment—unnecessary because we are only using 84 percent of it. The banks are devoting a large part of their lending resources to this excessive investment financing. More, they are repatriating Eurodollars by the billion for this purpose. High interest rates do not much deter business expansion, as the 7 percent investment credit in effect provides a subsidy that insulates against high inter-

\* The salient features of the investment tax credit are: (1) a taxpayer earns the right to claim a tax credit by making an investment; (2) the credit is equal to 7 percent of the value of each installation of eligible equipment; (3) the investment credit is available only on certain types of equipment (Sec. 38 items), not on all types and not on structures; (4) the amount of credit that can be claimed in any one year is equal to \$25,000, plus not more than 25 percent of the taxpayers' liabilities for the particular year; (5) unused tax credits in any particular year may be carried back 3 years and forward 5 years; and (6) the credit is earned in the year in which the equipment is installed and put in service.

est rates. But the home-building industry and state and local governments have no such subsidy, and bear the brunt of the interest burden.

The Joint Economic Committee in its 1969 report, issued April 2, 1969, said:

"First priority in tax reform should be given to repeal of the investment tax credit as a significant step toward reducing inflation."

At the recent Joint Economic Committee hearings, Secretary of the Treasury Kennedy said that he had an "open mind" on the repeal of the credit. Since then, unfortunately, he has indicated that his mind has closed and that he favors retaining the credit. I hope that the economic realities of the investment tax credit will induce the Secretary to open his mind once again.

For what the Administration is now doing is fighting inflation by causing inflation. The latest Labor Department Consumer Price Index shows that we are having the fastest month-to-month price rise since 1951. As reported in this week's U.S. News and World Report, "Interest on home mortgages continued to go up in line with the up swing in interest rates . . . The increases sparked fresh concern among Government economic planners, whose efforts to slow the boom with an income tax surcharge, tight money and high interest rates so far have had little effect."

What is happening is that a current leading ingredient of inflation—high interest rates—is being created by the Administration's espousal of the investment tax credit, which causes—high interest rates.

President Nixon has called for a war on inflation. If his administration would stop causing inflation by the investment tax credit, the war would have a better chance of success.

The "justifications" for the investment tax credit will not bear analysis.

First, it is said that the credit is needed to provide enough funds for business to make necessary capital investment.

In fact, there has never been any real evidence that under prosperous conditions the cash flows generated out of current business operations—profits after taxes, plus depreciation allowances—have been inadequate to finance a high enough level of investment. Indeed, the experience of the mid-1950's indicates that these cash flows were large enough to enable industry to create excess capacity. For example, the rate of use of capacity in the 1950's reached its peak in late 1955 and declined in the ensuing two years, during which investment remained high and gross national product continued to increase in real terms though slowly. (See "Measures of Productive Capacity," hearings before the Joint Economic Committee Subcommittee on Economic Statistics, May 1962.)

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

This study was based on relationships prevailing from 1929 to 1950, excluding the war years. It therefore did not take into consid-

eration the accelerated depreciation provisions of the 1954 revision in the Tax Code, nor the more recent revisions in depreciation provisions from 1961 on, and the enactment of the investment tax credit. These more recent provisions obviously produce a cash flow well in excess of what was historically available under preceding provisions. The study, therefore, noted that cash flows began to run above those computed from the formula from 1955 on. (See pp. 687 and 965, ff. of the hearings.)

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

"Treasury analyses indicate that, in general, corporate expansion and modernization of productive facilities have not been restricted by any inadequacy in the availability of funds. For most individual businesses and industries there has been a steady growth of funds available from internal sources, particularly from rising depreciation allowances." (p. 688).

A second "justification" offered for the investment credit is its incentive effect via an increase in the after-tax rate of return on new projects. But the trouble with this tax device is that it raises the after-tax rate of return on all eligible investments without regard to their quality.

What kind of project is it that business is now encouraged to invest in that it is not ready and willing to invest in the absence of the investment tax credit?

If one assumes that businessmen are reasonably rational in their business decisions, they must invest in the best paying projects first, and then proceed down the list of available items toward the least desirable. This must mean that in the absence of the investment tax credit, businessmen first take up the desirable, well-paying investment projects, continuing down the list until they arrive close to the margin. Here there are questions as to whether each added project will pay an acceptable rate of return after taxes. When the investment tax credit is introduced, it tends to encourage businessmen to lower margins of acceptability and to make desirable investments—particularly ones which displace manpower with machines uneconomically.

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

We must also be concerned with the point raised by the Joint Economic Committee in its 1962 report that the investment credit causes the business cycle to be more violent—something the Employment Act expressly rules out as an objective of policy.

"We are concerned about the cyclical features of the proposal. It is well known that investment tends to be high in boom periods and low in recessions. The effect of an investment credit will be, therefore, to lower Government revenues in times when revenues should be rising to curb inflationary pressures, and to make Federal revenues relatively higher in recession periods, when Government receipts should be reduced. Moreover, the investment credit will tend to accentuate the instability of investment by encouraging overinvestment in boom periods. This, in turn, may actually retard growth rates. For example, there was a very substan-

tial increase in the rate of investment immediately after the adoption in 1954 of the accelerated methods of depreciation for tax purposes. However, as the report of the Council of Economic Advisers points out, capital stock for the entire period from 1954 to 1960 actually grew at a lower rate than it did in the pre-1954 period." (p. 43)

This pro-cyclical over-investment is precisely what's happening today.

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

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

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

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

It is also true that a dominant anti-cyclical device of American policy is the great cyclical swings in corporate tax liabilities. The marginal rate of tax on corporate profits has been about 50 per cent in recent decades, and corporate profits themselves are highly volatile—rising and falling much more sharply than output or sales. For example, from calendar 1957 to calendar 1958, corporate tax liabilities declined by 10 per cent, while gross national product in current dollars rose by \$6 billion, or something over 1½ per cent. Even a slowdown in the rate of expansion may stop the rise in corporate profits or cause them to decline. The net effect of high marginal tax rates and the great volatility of corporate profits is to pro-

duce very large swings in Government revenues—raising them sharply in prosperity or inflation and reducing them sharply when-ever business conditions weaken.

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

The argument for the investment tax credit also ignores the fact that the productivity of capital is rising over the long run, just as is the productivity of labor. This means that for any given level of GNP we need a capital stock which would be smaller today than would be necessary if we were working with the technology of 5, 10, or 50 years ago. It must be clear, therefore, that if the ratio of output to the capital stock is rising, then the ratio of business investment in new plant and equipment to GNP will be falling slowly over time. Indeed this is what the staff of the Joint Economic Committee found in its various attempts to analyze and project the long-term full employment trends in the economy. But the investment tax credit is founded on the belief that we need to subsidize business to get enough investment. The result is an excess of investment and an inadequate level of consumption since the taxes not paid by business via this device inevitably get assessed against consumers.

The investment tax credit seeks to encourage investment at the expense of consumption. Apparently, capital goods are such desirable things to have that it makes no difference whether there is a market for the output! We must have endless streams of machines and buildings regardless of their utility! We might as well, as a Nation, start a campaign to build yachts and take them out in the middle of the ocean and sink them, or perhaps to rebuild pyramids like the ancient Egyptians. The real stimulus for investment must come not from gadgets like the investment tax credit but from a strong growing consumer demand for the output of our farms, factories and offices.

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

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

At a time when the rate of inflation exceeds

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

Tax reform is not a magical device to solve all of our economic problems, but it will solve some of the more pressing. It will help us bring inflation to a halt without excessive unemployment. It will help us build a more balanced set of incentives to economic activity. It will take the government out of the business of making private decisions via tax gadgetry. And, most of all, it will restore the faith of Americans in government and eliminate their deep and justified outrage at the inequities of the government tax system.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. FRELINGHUYSEN (at the request of Mr. GERALD R. FORD), through April 21, on account of official business.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. LANDGREBE) and to revise and extend their remarks and include extraneous matter:)

Mr. HALPERN, today, for 10 minutes.  
Mr. HOSMER, today, for 30 minutes.  
Mr. POFF, today, for 15 minutes.  
Mr. EDWARDS of Alabama, today, for 30 minutes.

(The following Members (at the request of Mr. PREYER of North Carolina) and to revise and extend their remarks and include extraneous matter:)

Mr. FARBSTEIN, today, for 30 minutes.  
Mr. REUSS, today, for 15 minutes.  
Mr. MCCARTHY, on April 15, for 30 minutes.

#### EXTENSIONS OF REMARKS

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

Mr. HECHLER of West Virginia and to include extraneous matter.

Mr. MADDEN and to include an editorial.

Mr. WRIGHT and to include extraneous matter.

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

Mr. FINDLEY in six instances.  
Mr. STEIGER of Wisconsin in two instances.

Mr. WYATT in five instances.  
Mr. BIESTER.  
Mr. SANDMAN.  
Mr. HOGAN.  
Mr. HOSMER in two instances.  
Mr. ASHBROOK in two instances.  
Mr. WYMAN in three instances.  
Mr. MYERS.

Mr. DUNCAN.

Mr. WINN.

Mr. BURKE of Florida.

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

Mr. NIX.

Mr. BINGHAM in three instances.

Mr. WILLIAM D. FORD.

Mr. EILBERG in two instances.

Mr. HAMILTON in 10 instances.

Mr. FISHER in four instances.

Mr. ABBITT in two instances.

Mr. PODELL in three instances.

Mr. FLOOD.

Mr. RARICK in six instances.

Mr. THOMPSON of New Jersey in two instances.

Mr. RYAN in four instances.

Mr. BROWN of California in five instances.

Mr. MURPHY of New York.

Mr. MIKVA in two instances.

Mr. WOLFF in three instances.

Mr. PICKLE.

Mr. BOLLING in two instances.

#### SENATE CONCURRENT RESOLUTIONS REFERRED

Concurrent resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 15. Concurrent resolution to print as a Senate document studies and hearings on the Alliance for Progress; to the Committee on House Administration.

S. Con. Res. 16. Concurrent resolution authorizing the printing of the eulogies on Dwight David Eisenhower; to the Committee on House Administration.

#### ADJOURNMENT

Mr. PREYER of North Carolina. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 55 minutes p.m.), the House adjourned until tomorrow, Tuesday, April 15, 1969, at 12 o'clock noon.

#### OATH OF OFFICE

The oath of office required by the sixth article of the Constitution of the United States, and as provided by section 2 of the act of May 13, 1884 (23 Stat. 22), to be administered to Members and Delegates of the House of Representatives, the text of which is carried in section 1757 of title XIX of the Revised Statutes of the United States and being as follows:

"I A B, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God."

has been subscribed to in person and filed in duplicate with the Clerk of the House of Representatives by the following Member of the 91st Congress, pur-

suant to Public Law 412 of the 80th Congress entitled "An act to amend section 30 of the Revised Statutes of the United States" (U.S.C., title 2, sec. 25), approved February 18, 1948; DAVID R. OBEY, Seventh District, Wisconsin.

#### EXECUTIVE COMMUNICATIONS, ETC.

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

651. A letter from the Comptroller General of the United States, transmitting a report on U.S. financial participation in the Organization of American States, Department of State; to the Committee on Government Operations.

652. A letter from the Assistant Secretary of Defense (Comptroller), transmitting a report of receipts and disbursements pertaining to the disposal of surplus military supplies, equipment, and materiel during the first 6 months of fiscal year 1969, pursuant to the provisions of section 511 of Public Law 90-580, and a report on expenses involving the production of lumber and timber products for the same period, pursuant to the provisions of 10 U.S.C. 2665; to the Committee on Appropriations.

653. A letter from the Deputy Assistant Secretary of Defense (Properties and Installations), transmitting a report of the location, nature, and estimated cost of an additional facilities project proposed to be undertaken for the Army Reserve, pursuant to the provisions of 10 U.S.C. 2233(a)(1); to the Committee on Armed Services.

654. A letter from the Deputy Chief of Naval Material (Procurement and Production), Department of the Navy, transmitting the semiannual report of research and development procurement actions of \$50,000 and over for the period July 1-December 31, 1968, pursuant to the provisions of 10 U.S.C. 2357; to the Committee on Armed Services.

655. A letter from the Acting Director of Civil Defense, Department of the Army, transmitting the report on property acquisitions of emergency supplies and equipment for the quarter ending March 31, 1969, pursuant to the provisions of subsection 201(h) of the Federal Civil Defense Act of 1950, amended; to the Committee on Armed Services.

656. A letter from the Secretary of the Treasury, transmitting the second semiannual report on U.S. purchases and sales of gold and the state of the U.S. gold stock, and International Monetary Fund discussions on the evolution of the international monetary system; to the Committee on Banking and Currency.

657. A letter from the Secretary, Export-Import Bank of the United States, transmitting a report of the export expansion program of the Bank for the quarter ended March 31, 1969, pursuant to the provisions of Public Law 90-390; to the Committee on Banking and Currency.

658. A letter from the Commissioner of the District of Columbia, transmitting notification that the government of the District of Columbia continues to support the enactment of proposed legislation submitted January 14, 1969, to amend the District of Columbia Income and Franchise Tax Act of 1947, as heretofore amended, so as to provide that income subject to tax for District income tax purposes shall conform as closely as possible to income subject to Federal income tax, and for other purposes; to the Committee on the District of Columbia.

659. A letter from the Commissioner of the District of Columbia, transmitting a draft of proposed legislation to authorize suits in the courts of the District of Columbia for collection of taxes owed to States,

territories, or possessions, or political subdivisions thereof, when the reciprocal right is accorded to the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

660. A letter from the Comptroller General of the United States, transmitting a report on the administration and effectiveness of the work experience and training project in Kent County, Mich., under title V of the Economic Opportunity Act of 1964, Department of Health, Education, and Welfare; to the Committee on Education and Labor.

661. A letter from the Secretary of Commerce, transmitting an interim report on the highlights of Federal participation at HemisFair 1968 in San Antonio, Tex., pursuant to the provisions of Public Law 89-685; to the Committee on Foreign Affairs.

662. A letter from the Secretary, Export-Import Bank of the United States, transmitting a report on the amount of Export-Import Bank insurance and guarantees issued in February 1969, in connection with U.S. exports to Yugoslavia, pursuant to the Export-Import Bank Act of 1945, as amended, and the applicable Presidential determination thereunder; to the Committee on Foreign Affairs.

663. A letter from the Comptroller General of the United States, transmitting a report of audits of Government Services, Inc., its employee retirement and benefit trust fund, and its supplemental pension plan for the year ended December 31, 1968; to the Committee on Government Operations.

664. A letter from the Comptroller General of the United States, transmitting a report on the review of internal audit activities of the U.S. Information Agency; to the Committee on Government Operations.

665. A letter from the Librarian of Congress, transmitting a report on the Library of Congress, including the Copyright Office, for the fiscal year ended June 30, 1968, together with copies of the Quarterly Journal of the Library of Congress and a copy of the annual report of the Library of Congress Trust Fund Board; to the Committee on House Administration.

666. A letter from the Assistant Secretary of the Interior, transmitting a report on the activities of, expenditures by, and donations to the Charles R. Robertson Lignite Research Laboratory of the Bureau of Mines at Grand Forks, N. Dak., for the calendar year 1968, pursuant to the provisions of the act of March 25, 1948 (62 Stat. 85); to the Committee on Interior and Insular Affairs.

667. A letter from the Assistant Secretary of the Interior, transmitting copies of all laws enacted by the Legislature of the Virgin Islands, in its 1968 regular and special sessions, pursuant to the provisions of section 9(g) of the Revised Organic Act of the Virgin Islands of the United States; to the Committee on Interior and Insular Affairs.

668. A letter from the Attorney General, transmitting his report pursuant to section 2 of Public Law 90-188, consenting to the renewal of the interstate compact to conserve oil and gas; to the Committee on Interstate and Foreign Commerce.

669. A letter from the Acting Commissioner, Federal Prison Industries, Inc., Department of Justice, transmitting the annual report of the Directors of Federal Prison Industries, Inc., for fiscal year 1968, pursuant to the provisions of 18 U.S.C. 4127; to the Committee on the Judiciary.

670. A letter from the national director, Boys Clubs of America, transmitting an audited financial statement in compliance with section 14, Public Law 988, approved August 6, 1956, and a copy of their annual report; to the Committee on the Judiciary.

671. A letter from the Secretary of Commerce, transmitting the fifth annual report of activities under Public Law 87-839 providing for the promotion of foreign commerce through the use of mobile trade fairs,

pursuant to the provisions of section 212(d) of said law; to the Committee on Merchant Marine and Fisheries.

672. A letter from the Postmaster General, transmitting the cost ascertainment report of the Post Office Department for fiscal year 1968, pursuant to the provisions of 39 U.S.C. 2331; to the Committee on Post Office and Civil Service.

673. A letter from the Administrator, General Services Administration, transmitting copies of a building project survey report for Baltimore, Md., pursuant to the House resolution adopted by the Committee on Public Works on February 4, 1969; to the Committee on Public Works.

674. A letter from the Administrator, Veterans' Administration, transmitting a draft of proposed legislation to revise the definition of a "child" for purposes of veterans' benefits provided by title 38, United States Code, to recognize an adopted child as a dependent from the date of issuance of an interlocutory decree, to the Committee on Veterans' Affairs.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. NEDZI: Joint Committee on the Disposition of Executive Papers. House Report No. 91-145. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. EILBERG: Committee on the Judiciary. H.R. 5615. A bill for the relief of Maria Camilla Giuliani Niro, with amendment (Rept. No. 91-146). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

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

By Mr. BERRY:

H.R. 9996. A bill to amend section 204(a) of the Coinage Act of 1965 in order to authorize minting of all new quarter dollar pieces with a likeness of the late President Dwight David Eisenhower on one side; to the Committee on Banking and Currency.

By Mr. BOLAND:

H.R. 9997. A bill to provide for the establishment of the Connecticut River National Recreation Area, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 9998. A bill to provide for improved employee-management relations in the postal service, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 9999. A bill to amend the Internal Revenue Code of 1954 to increase from \$600 to \$1,200 the personal income tax exemptions of a taxpayer (including the exemptions for a spouse, the exemptions for a dependent, and the additional exemptions for old age and blindness); to the Committee on Ways and Means.

By Mr. OLSEN:

H.R. 10000. A bill to reclassify certain positions in the postal field service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BOW:

H.R. 10001. A bill to establish a National Armed Forces Historical Museum Park and Study Center; to the Committee on House Administration.

H.R. 10002. A bill to revise the pay structure of the police force of the National Zoological Park, and for other purposes; to the Committee on House Administration.

By Mr. BURTON of Utah:

H.R. 10003. A bill to provide for an appropriation of a sum not to exceed \$250,000 with which to make a survey of a proposed Golden Circle National Scenic Parkway complex connecting the national parks, monuments, and recreation areas in the southern part of Utah with the national parks, monuments, and recreation areas situated in northern Arizona, northwestern New Mexico, and southwestern Colorado; to the Committee on Interior and Insular Affairs.

By Mr. COLLIER:

H.R. 10004. A bill to amend title II of the Social Security Act to increase the amount of outside earnings permitted each year without deductions from benefits thereunder; to the Committee on Ways and Means.

H.R. 10005. A bill to amend title II of the Social Security Act to provide a 7-percent, across-the-board benefit increase, and subsequent increases based on rises in the cost of living; to the Committee on Ways and Means.

By Mr. CONABLE (by request):

H.R. 10006. A bill to amend the Social Security Act to provide for a national system of public assistance to needy individuals and for grants to States for services to such individuals and to strengthen the Federal support of the State medical assistance program; to the Committee on Ways and Means.

By Mr. CORMAN:

H.R. 10007. A bill to promote the orderly adjustment of tobacco production and marketing; to the Committee on Agriculture.

H.R. 10008. A bill to amend the Federal Cigarette Labeling and Advertising Act with respect to the labeling of packages of cigarettes, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 10009. A bill to assist in combating crime by creating the U.S. Corrections Service, and for other purposes; to the Committee on the Judiciary.

By Mr. DUNCAN:

H.R. 10010. A bill to amend the Communications Act of 1934 to establish orderly procedures for the consideration of applications for renewal of broadcast licenses; to the Committee on Interstate and Foreign Commerce.

By Mr. EDWARDS of Alabama:

H.R. 10011. A bill to amend title I of the Housing Act of 1949 to protect State and local governments against the loss of tax revenues which would otherwise result from acquisitions of property in urban renewal projects; to the Committee on Banking and Currency.

By Mr. EILBERG:

H.R. 10012. A bill to amend the National Commission on Product Safety Act in order to extend the life of the Commission so that it may complete its assigned task; to the Committee on Interstate and Foreign Commerce.

H.R. 10013. A bill to provide for the redistribution of unused quota numbers; to the Committee on the Judiciary.

By Mr. FARBSTAIN:

H.R. 10014. A bill to amend the act entitled "An act to promote the safety of employees and travelers upon railroads by limiting the hours of service of employees thereon," approved March 4, 1907; to the Committee on Interstate and Foreign Commerce.

By Mr. FULTON of Tennessee:

H.R. 10015. A bill to extend until July 15, 1971, the suspension of duty on electrodes for

use in producing aluminum; to the Committee on Ways and Means.

By Mrs. GRIFFITHS:

H.R. 10016. A bill to continue until the close of June 30, 1971, the existing suspension of duties for metal scrap; to the Committee on Ways and Means.

By Mr. HELSTOSKI:

H.R. 10017. A bill to amend title II of the Social Security Act to increase to \$3,000 the annual amount individuals are permitted to earn without suffering deductions from the insurance benefits payable to them under such title; to the Committee on Ways and Means.

By Mr. HOSMER:

H.R. 10018. A bill to designate the dam commonly referred to as the Glen Canyon Dam as the "Dwight D. Eisenhower Dam"; to the Committee on Interior and Insular Affairs.

By Mr. KOCH:

H.R. 10019. A bill to provide for the establishment of a Commission on Marihuana; to the Committee on the Judiciary.

By Mr. LUJAN:

H.R. 10020. A bill to amend the Communications Act of 1934 in order to require that the public interest of the areas to be served be the sole consideration in the allocation of certain facilities pursuant to such act; to the Committee on Interstate and Foreign Commerce.

By Mr. MORSE:

H.R. 10021. A bill to incorporate the Army and Navy Union of the United States of America; to the Committee on the Judiciary.

By Mr. MOSS:

H.R. 10022. A bill to authorize the U.S. Commissioner of Education to make grants to elementary and secondary schools and other educational institutions for the conduct of special educational programs and activities concerning the use of drugs, and for other related educational purposes; to the Committee on Education and Labor.

By Mr. MYERS (for himself, Mr. COLLINS, Mr. POLLOCK, Mr. WYMAN, Mr. COWGER, Mr. FREY, Mr. DUNCAN, Mr. DON H. CLAUSEN, Mr. MATSUNAGA, Mr. BUCHANAN, Mr. MAYNE, Mr. HOGAN, Mr. FULTON of Pennsylvania, Mr. GROVER, Mr. ROBISON, Mr. COLLIER, Mr. CLEVELAND, Mr. PETTIS, Mr. LANDGREBE, Mr. PELLY, Mr. ANDERSON of Illinois, Mr. BRAGG, and Mr. MIKVA):

H.R. 10023. A bill to designate the Washington National Airport as the "Dwight David Eisenhower National Airport"; to the Committee on Interstate and Foreign Commerce.

By Mr. NATCHER:

H.R. 10024. A bill to amend the Communications Act of 1934 to establish orderly procedures for the consideration of applications for renewal of broadcast licenses; to the Committee on Interstate and Foreign Commerce.

By Mr. OLSEN:

H.R. 10025. A bill to amend the act, entitled "An act to promote the safety of employees and travelers upon railroads by limiting the hours of service of employees thereon," approved March 4, 1907; to the Committee on Interstate and Foreign Commerce.

By Mr. O'NEILL of Massachusetts:

H.R. 10026. A bill to equalize the rates of disability compensation payable to veterans of peacetime and wartime service; to the Committee on Veterans' Affairs.

By Mr. PATMAN:

H.R. 10027. A bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of certain distributions pursuant to the Savings and Loan Holding Company Amendments of 1967; to the Committee on Ways and Means.

By Mr. PODELL:

H.R. 10028. A bill to amend the Internal Revenue Code of 1954 to provide an addi-

tional \$5,000 exemption from income tax for amounts received as annuities, pensions, or other retirement benefits; to the Committee on Ways and Means.

H.R. 10029. A bill to amend the Internal Revenue Code of 1954 to increase from \$600 to \$1,200 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemptions for a dependent, and the additional exemptions for old age and blindness); to the Committee on Ways and Means.

By Mr. PUCINSKI:

H.R. 10030. A bill to require contractors of departments and agencies of the United States engaged in the production of motion picture films to pay prevailing wages; to the Committee on Education and Labor.

H.R. 10031. A bill to amend the act, entitled "An act to promote the safety of employees and travelers upon railroads by limiting the hours of service of employees thereon," approved March 4, 1907; to the Committee on Interstate and Foreign Commerce.

H.R. 10032. A bill to amend title 28, United States Code, section 753(e), to eliminate the maximum and minimum limitations upon the annual salary of reporters; to the Committee on the Judiciary.

By Mr. RHODES of Arizona:

H.R. 10033. A bill to designate the dam commonly referred to as the Glen Canyon Dam as the "Dwight D. Eisenhower Dam"; to the Committee on Interior and Insular Affairs.

By Mr. ROSENTHAL:

H.R. 10034. A bill to authorize the Secretary of the Interior to participate in the development of a large prototype desalting plant in Israel, and for other purposes; to the Committee on Foreign Affairs.

By Mr. SCHWENDEL:

H.R. 10035. A bill to amend the Internal Revenue Code of 1954 to establish a Government Corporation to assist in the expansion of the capital market for municipal securities while decreasing the cost of such capital to municipalities; to the Committee on Banking and Currency.

H.R. 10036. A bill to amend the Internal Revenue Code of 1954 to increase from \$600 to \$1,200 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemptions for a dependent, and the additional exemptions for old age and blindness); to the Committee on Ways and Means.

H.R. 10037. A bill to amend the Internal Revenue Code of 1954 to provide that any unmarried person who maintains his or her own home shall be entitled to be taxed at the rate provided for the head of a household; to the Committee on Ways and Means.

H.R. 10038. A bill to amend the Internal Revenue Code of 1954 to reduce the percentage depletion rates for oil, gas, and certain other minerals; to the Committee on Ways and Means.

H.R. 10039. A bill to amend the Internal Revenue Code of 1954 to eliminate special treatment for gains from the disposition of depreciable realty; to the Committee on Ways and Means.

H.R. 10040. A bill to amend the Internal Revenue Code of 1954 to repeal provisions relating to stock options; to the Committee on Ways and Means.

H.R. 10041. A bill to amend the Internal Revenue Code of 1954 to increase the gift tax rates to estate tax level; to the Committee on Ways and Means.

H.R. 10042. A bill to amend the Internal Revenue Code of 1954 to eliminate use of U.S. bonds to pay estate tax; to the Committee on Ways and Means.

H.R. 10043. A bill to amend the Internal Revenue Code of 1954 to repeal provisions relating to dividend exclusion; to the Committee on Ways and Means.

H.R. 10044. A bill to amend the Internal Revenue Code of 1954 to repeal privilege of

groups to elect multiple surtax exemption; to the Committee on Ways and Means.

H.R. 10045. A bill to amend the Internal Revenue Code of 1954 to tax certain gains at death which are now untaxed; to the Committee on Ways and Means.

By Mr. TEAGUE of Texas (by request):

H.R. 10046. A bill to amend the act incorporating the Amvets (American Veterans of World War II) so as to provide for an annual audit of its accounts; to the Committee on the Judiciary.

H.R. 10047. A bill to amend title 38, United States Code, to authorize a maximum of \$15,000 coverage under servicemen's group life insurance, to enlarge the classes eligible for such insurance, and to improve the administration of the programs of life insurance provided for servicemen and veterans; to the Committee on Veterans' Affairs.

By Mr. TIERNAN:

H.R. 10048. A bill to amend the National Labor Relations Act, as amended, to amend the definition of "employee" to include certain agricultural employees, and to permit certain provisions in agreements between agricultural employers and employees; to the Committee on Education and Labor.

H.R. 10049. A bill to amend title XVIII of the Social Security Act to remove the present limit on the number of days for which benefits may be paid thereunder to an individual on account of posthospital extended-care services; to the Committee on Ways and Means.

H.R. 10050. A bill to amend title II of the Social Security Act to permit the payment of benefits to a married couple on their combined earnings record where that method of computation produces a higher combined benefit; to the Committee on Ways and Means.

H.R. 10051. A bill to provide that the nuclear accelerator to be constructed at Weston, Ill., shall be named the "Enrico Fermi Nuclear Accelerator" in memory of the late Dr. Enrico Fermi; to the Joint Committee on Atomic Energy.

By Mr. UDALL:

H.R. 10052. A bill to amend title 5, United States Code, to correct certain inequities with respect to the premium pay of certain employees performing irregular and unscheduled duty, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WIDNALL:

H.R. 10053. A bill to amend the U.S. Housing Act of 1937 to prevent the Secretary of Housing and Urban Development from requiring a particular balance or distribution of low-rent housing in private accommodations within a community where such a requirement would impede the provision of such housing for low- and moderate-income families; to the Committee on Banking and Currency.

By Mr. WYATT (for himself, Mr. DELLENBACK, Mrs. GREEN of Oregon, Mr. ULLMAN, Mrs. MAY, Mr. LUKENS, Mr. WALDIE, Mr. ESHLEMAN, Mr. BINGHAM, Mr. MYERS, Mr. PELLY, Mr. HOSMER, Mr. MATSUNAGA, Mr. ANDERSON of Illinois, Mr. STEIGER of Arizona, Mr. PETTIS, and Mr. HORTON):

H.R. 10054. A bill to establish the Federal Medical Evaluations Board to carry out the functions, powers, and duties of the Secretary of Health, Education, and Welfare relating to the regulation of biological products, medical devices, and drugs, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. YOUNG:

H.R. 10055. A bill to establish the Interagency Committee on Mexican-American affairs, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BOW:

H.J. Res. 637. Joint resolution to provide for the reappointment of Dr. John Nicholas Brown as Citizen Regent of the Board of

Regents of the Smithsonian Institution; to the Committee on House Administration.

H.J. Res. 638. Joint resolution to provide for the appointment of Thomas J. Watson, Jr., as Citizen Regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

By Mr. CLEVELAND:

H.J. Res. 639. Joint resolution proposing an amendment to the Constitution of the United States with respect to the offering of prayer in public buildings; to the Committee on the Judiciary.

By Mr. GUDE:

H.J. Res. 640. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. PUCINSKI:

H.J. Res. 641. Joint resolution, a national education policy; to the Committee on Education and Labor.

By Mr. SANDMAN:

H.J. Res. 642. Joint resolution authorizing the President to proclaim the third week of May 1969 as "Municipal Clerk's Week"; to the Committee on the Judiciary.

By Mr. PODELL:

H. Con. Res. 199. Concurrent resolution expressing the sense of the Congress with respect to the encroachment on the authority of Congress under the Constitution to declare war; to the Committee on Foreign Affairs.

By Mr. GUDE:

H. Res. 361. Resolution to amend the Rules of the House of Representatives to create a standing committee to be known as the Committee on Urban and District of Columbia Affairs; to the Committee on Rules.

By Mr. ROSENTHAL:

H. Res. 362. Resolution relative to the anniversary of the founding of the Pan American Union; to the Committee on Foreign Affairs.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

104. By Mr. ALBERT: Memorial of the House of Representatives of the first session of the 32d Oklahoma Legislature memorializing Congress to amend certain laws relating to the eligibility of veterans for veterans' benefits; to the Committee on Veterans' Affairs.

105. By the SPEAKER: Memorial of the Legislature of the State of Nevada, relative to the Wholesome Meat Act; to the Committee on Agriculture.

106. Also, memorial of the Legislature of the State of Washington, relative to Point Roberts, Wash.; to the Committee on Foreign Affairs.

107. Also, memorial of the Legislature of the State of Hawaii, relative to the death of former President Dwight David Eisenhower; to the Committee on House Administration.

108. Also, memorial of the Legislature of the State of Oklahoma, relative to the death of former President Dwight David Eisenhower; to the Committee on House Administration.

109. Also, memorial of the Legislature of the State of California, relative to increases in grazing fees on public lands; to the Committee on Interior and Insular Affairs.

110. Also, memorial of the Legislature of the State of Idaho, relative to increases in grazing fees on public lands; to the Committee on Interior and Insular Affairs.

111. Also, memorial of the Legislature of the State of Nevada, relative to permitting native Indians free access to public lands for pine nut harvesting; to the Committee on Interior and Insular Affairs.

112. Also, memorial of the Senate of the State of Washington, relative to construction of the Bacon siphon and block 251 in

the Columbia River Basin project; to the Committee on Interior and Insular Affairs.

113. Also, memorial of the Legislature of the Commonwealth of Massachusetts, relative to establishment of a New England Regional Drug Abuse Treatment Center and Pilot Research Center at the Essex County Hospital, Middleton, Mass.; to the Committee on Interstate and Foreign Commerce.

114. Also, memorial of the Legislature of the State of Kansas, relative to taxation of interstate commerce; to the Committee on the Judiciary.

115. Also, memorial of the House of Representatives of the State of Oklahoma, relative to the eligibility of veterans for veterans' benefits; to the Committee on Veterans' Affairs.

116. Also, memorial of the Legislature of the State of New Hampshire, relative to repeal of the proposed freeze on Federal aid to families with dependent children; to the Committee on Ways and Means.

## PRIVATE BILLS AND RESOLUTIONS

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

By Mr. FARBSTAIN:

H.R. 10056. A bill for the relief of Chuck Hong Wong; to the Committee on the Judiciary.

By Mr. GARMATZ:

H.R. 10057. A bill for the relief of certain individuals; to the Committee on the Judiciary.

By Mr. GUBSER:

H.R. 10058. A bill for the relief of Mr. Agustin Garcia-Hernandez; to the Committee on the Judiciary.

By Mr. HECHLER of West Virginia:

H.R. 10059. A bill for the relief of Dr. Eladio Elroy Mazon; to the Committee on the Judiciary.

By Mr. McCORMACK:

H.R. 10060. A bill for the relief of Lance Cpl. Peter M. Nee, 2465662; to the Committee on the Judiciary.

By Mr. PODELL:

H.R. 10061. A bill for the relief of Oded Rosenwax; to the Committee on the Judiciary.

H.R. 10062. A bill for the relief of Patricia Ann Young; to the Committee on the Judiciary.

## PETITIONS, ETC.

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

88. By the SPEAKER: Petition of the 21st Saipan Legislature, Trust Territory of the Pacific Islands, relative to the territorywide plebiscite on the future status of the Trust Territory of the Pacific Islands to be held in 1972; to the Committee on Interior and Insular Affairs.

89. Also, petition of the City Council, Worcester, Mass., relative to declaring January 15 of each year a national holiday in honor of Dr. Martin Luther King, Jr.; to the Committee on the Judiciary.

90. Also, petition of Henry Stoner, Madison, Wis., relative to proposed amendments to the Constitution of the United States; to the Committee on the Judiciary.

91. Also, petition of the Board of Commissioners, township of Elizabeth, Buena Vista, Pa., relative to rescinding the recent congressional salary increase; to the Committee on Post Office and Civil Service.

92. Also, petition of the Board of Chosen Freeholders, county of Mercer, N.J., relative to repeal of the proposed freeze on Federal aid to dependent children; to the Committee on Ways and Means.