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Congressional Record

PROCEEDINGS AND DEBATES OF THE 91st CONGRESS, SECOND SESSION

SENATE—*Friday, December 4, 1970*

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

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

God of our fathers and our God, who has made and preserved us a nation, we beseech Thee to renew the energies and enlarge the vision of all who serve in the high offices of this Government. This day and henceforth watch over Thy servants, the President, the Presiding Officer of this body, all who serve Thee in this Chamber, in the House beyond, in the judiciary, and in the diplomatic and military services. Keep each one mentally alert, morally straight, and spiritually strong. May their thoughts come from Thee, their words arise from love of Thee, their work kept under Thy sovereignty. When the day is done give them peaceful hearts, serene spirits, and a faith that endures.

As we pray for those in high service to the Nation, so we pray for their countrymen that justice, righteousness, and peace may prevail throughout the land.

In the Redeemer's name we pray. Amen.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Berry, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the joint resolution (H.J. Res. 1411) correcting certain printing and clerical errors in the Legislative Reorganization Act of 1970.

ENROLLED BILLS SIGNED

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

H.R. 471. An act to amend section 4 of the act of May 31, 1933 (48 Stat. 108); and

H.R. 18126. An act to amend title 28 of the United States Code to provide for holding district court for the eastern district of New York at Westbury, N.Y.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, December 3, 1970, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees be authorized to meet during the session of the Senate today.

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

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 1401, 1404, and 1405.

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

WATER SUPPLY FOR THE SOBOBA INDIAN RESERVATION

The bill (H.R. 3328) to authorize the Secretary of the Interior to approve an agreement entered into by the Soboba Band of Mission Indians releasing a claim against the Metropolitan Water District of Southern California and Eastern Municipal Water District, California, and to provide for construction of a water distribution system and a water supply for the Soboba Indian Reservation; and to authorize long-term leases of land on the reservation was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 91–1387), explaining the purposes of the measure.

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

PURPOSE OF THE MEASURE

The principal purpose of this legislation is to provide a water supply for the Soboba Indian Reservation as follows:

(1) The Secretary of the Interior is authorized to approve an agreement between the Soboba Indians and the Metropolitan (MWD) and Eastern Municipal (Eastern) Water Districts of Southern California. The terms of the agreement in general are:

(*a*) Payments of $30,000 by MWD to the United States, to defray part of the cost of constructing a water-supply system on the reservation,

(*b*) Concurrent annexation to Metropolitan and Eastern Municipal Water Districts without annexation charges (valued at $200 per acre) and, while the land is held in trust by the United States, it would not be subject to encumbrance and taxation, and

(*c*) Satisfaction of the Soboba Indians' claim for damages growing out of construction of the San Jacinto tunnel without admission of its validity by MWD or Eastern.

(2) Provision is made for the United States to finance the construction of a water distribution system to deliver water within the reservation.

BACKGROUND

The Soboba Indian Reservation is in the upper San Jacinto River Basin in southern California. It has an area of 5,056 acres and had 234 Indian residents in 1965. The production of water supply wells on the reservation has been declining, and the Indians have claimed that this resulted from construction of a tunnel through the San Jacinto Mountains by MWD in 1938. Present supplies available from wells on the reservation are inadequate for even domestic needs. MWD and Eastern have proposed a settlement of the claim and the tribe has accepted the proposal by formal resolution.

In 1964, Congress appropriated $164,000 to construct a water supply system for the reservation. A portion of those funds were expended on the planning and negotiations leading to the present proposal. A balance of $124,742 remains available.

In 1968 the Bureau of Reclamation completed a reconnaissance study of a water supply system for the Soboba Indian Reservation at the request of the Bureau of Indian Affairs. The Bureau of Reclamation has estimated that the system would cost $471,400 based on October 1967 price levels. Considering the $30,000 from the MWD payment and the $124,742 available from the 1964 appropriation, additional appropriations of $316,658 would be required to finance construction of the system.

There is no surface or ground water source in the vicinity of the reservation which can be developed to provide a dependable supply for long-range needs. Eastern is a member agency of MWD which has facilities to import Colorado River water and contracts for imported water from the California State water project. It can supply its customers' needs to the projected 1990 demand levels.

The Bureau of Reclamation has estimated that the reservation will require about 960 acre-feet of water annually by 1990 to support a projected resident population of 600 and to irrigate 280 acres of high-value citrus crops.

PRESENT LEGISLATION

H.R. 3328 as passed by the House would authorize the Secretary to approve the proproposed agreement. It also directs the Secretary jointly with Eastern to plan a water supply and distribution system for the reservation. The construction of new works and rehabilitation of existing works would be performed by Eastern and financed partly by the $30,000 paid in settlement by MWD and the remainder by Federal appropriations now available and those which would be authorized by this measure.

H.R. 3328 passed the House of Representatives on May 18, 1970. The Indian Affairs Subcommittee held a hearing on H.R. 3328 and a companion bill, S. 1990, on July 14, 1970.

WILSON'S CREEK BATTLEFIELD NATIONAL PARK

The bill (H.R. 1160) to amend the act of April 22, 1960, providing for the establishment of the Wilson's Creek Battlefield National Park, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 91–1389), explaining the purposes of the measure.

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

PURPOSE

The purpose of H.R. 1160 is to authorize the appropriation of additional funds for the development of the unit of the national park system presently known as Wilson's Creek Battlefield National Park. The bill would also redesignate the area as "Wilson's Creek National Battlefield."

BACKGROUND

This area was originally authorized by the 86th Congress because of its significance in the confrontation between the States. Located near Springfield, Mo., the battle which took place at Wilson's Creek (called Oak Hill by the Confederates) was a decisive factor in preventing Missouri from joining the Confederacy.

When the Congress enacted Public Law 86–434 (74 Stat. 76), it included the customary provision limiting the amounts authorized to be appropriated. At that time, a total of $120,000 was authorized for the acquisition and development of this site. Since that time, the Wilson's Creek Battlefield National Park Commission, a State agency acquired title to all of the lands needed for the interpretation of the battlefield (some 1,727 acres) and it has donated them to the United States.

Since no land acquisition moneys were needed, the entire amount has been appropriated for development of the park and the funds have been used for the construction of an entrance road and picnic facilities, for the installation of utilities and interpretive signs, and for research and site restoration. To adequately portray the historical events which took place in the area, however, much more needs to be done. The National Park Service outlined its proposed development plan in detail and the committee agrees that a greater effort should be made to make this unit of the national park system more meaningful to the visiting public.

In addition to substantially upgrading the development program for this area, H.R. 1160 provides for its redesignation as "Wilson's Creek National Battlefield." As has been the practice of the Congress in recent years, the various units of the national park system have been renamed to conform to standard categories from time to time as they have come up for consideration. The proposed redesignation of this area is consistent with its role in the overall national park program.

COST

H.R. 1160, as passed by the House, authorizes the appropriation of $2,285,000 (including the $120,000 presently authorized) for the development of this national battlefield. While the Senate bill, S. 2552, calls for an authorization ceiling $2,300,000, the Department indicated that it could accomplish the objectives with the amount which it recommended and which was provided for in the House-passed bill.

The House of Representatives also amended H.R. 1160, to make it conform to a further recommendation of the Department. Language was included to permit the development costs to be adjusted in accordance with standard construction cost indices. The value of this added measure of flexibility is recognized, but in keeping with its oversight responsibilities with respect to these projects, the committee expects to be kept fully informed of any developments which will, or may, give rise to any request for appropriations in excess of the amount stipulated. Such information should be supplied to the committee prior to the request for the additional appropriations. The Senate Interior Committee concurs in this action.

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs recommends the enactment of H.R. 1160.

MINUTE MAN NATIONAL HISTORICAL PARK

The bill (H.R. 13934) to amend the act of September 21, 1959 (73 Stat. 590), to authorize the Secretary of the Interior to revise boundaries of Minute Man National Historical Park, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

Mr. KENNEDY. Mr. President, I should like, once again, to commend the Committee on Interior and Insular Affairs for the consideration it gave to this legislation which I introduced and which pertains to one of the oldest, most historic, and revered parts of our country; namely, the Minute Man National Historical Park in Concord and Lexington, Mass.

I want to thank the chairman of the Committee on Interior and Insular Affairs, the distinguished Senator from Washington (Mr. JACKSON) for the marvelous response he has had to the various adjustments and changes which have been made and suggested by the people within that community and how helpful the National Park Service has been in terms of helping and cooperating in every way.

Mr. President, this is an extremely important and significant piece of legislation, not only in terms of the particular communities directly affected, but also for all the people of Massachusetts and New England in general, and for the rest of the country.

As we serve longer and longer in the Senate, and as our population expands and grows and develops, we realize how important it is to preserve historical areas, areas of quiet and peace which have been so meaningful and important in the development of this country. Such an area is the Minute Man National Historical Park in Concord and Lexington, Mass.

The significance of these few acres of land is well known to all Americans. The Minute Man National Historical Park includes parts of the routes covered by the British at the outset of the Revolutionary War, as well as sites in Lexington, Lincoln, and Concord, which were defended by the minutemen at the outbreak of the war of independence.

The events that transpired on these grounds have inspired each succeeding generation of Americans. On Lexington Green, the first shots were fired and the first blood spilled for the cause of American independence. The heroic ride of Paul Revere and William Dawes, the conspiracy to arrest John Hancock and Samuel Adams, the seizure of the colonial military stores at Concord, and the confrontation with the first British military expedition from Boston to Concord all took place on these Massachusetts fields.

Congress established its intent to preserve these historical sites in 1959 and authorized the acquisition of 750 acres of land.

Since 1961, the National Park Service has acquired all but 144 acres of the approved land. Currently, 16 acres in Lexington, 71 in Lincoln, and 57 in Concord remain to be acquired. A recent estimate by the Department of the Interior indicates the cost of acquisition of these lands to be 5.9 millions of dollars.

In 6 years, the United States of America will celebrate its 200th anniversary of independence. Over 2 million persons have visited the park since 1964, and this number will rapidly increase as we approach our bicentennial year.

Certainly, it would be appropriate to authorize the funds necessary to fulfill the original intent of the Congress as soon as possible to assure adequate site development by 1976.

The battle fought at Lexington and Concord on April 19, 1775, and the memory of the minutemen who fought for independence have stirred the hearts and minds of countless other peoples in the past 2 centuries. I am pleased that the Senate has passed this bill—which already has passed the House—to complete the program authorized by the Congress in 1959 and to preserve for all time and for all men this memorial marking a new dawn of freedom.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 91–1390), explaining the purposes of the measure.

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

PURPOSE

The purpose of H.R. 13934 is to amend the act authorizing the establishment of the Minute Man National Historical Park in two important respects:

First, it authorizes the Secretary of the Interior to revise the boundaries of the park to conform to the relocation of a State highway if he determines that such relocation would be desirable and beneficial to the administration, management, or interpretation of the park.

Second, it authorizes additional appropriations to complete the land acquisition program within the existing boundaries of the historical park.

BACKGROUND

On April 19, 1775, at Lexington and Concord, a confrontation occurred which marked a change in the course of the Nation. On that day a column of the King's Regulars proceeded to march from Boston to capture and destroy the provincial military supplies collected for the American rebellion. Shots first were fired at Lexington and then in Concord—the American Revolution had begun.

These historic grounds were then the homelands of such people as Paul Revere and Dr. Samuel Prescott. Few places today can match the historic value which they hold for the Nation. In recognition of their national significance, the Congress authorized the establishment of a national historical park in 1959. The park, which was to comprise about 750 acres of land in the towns of Lexington, Concord, Lincoln, and Bedford,

was to be acquired by the National Park Service and restored gradually to its appearance in 1775.

To accomplish this objective, Public Law 86–321 (73 Stat. 590) authorized the appropriation of $8 million. Of the amount, it was estimated that $5 million would be needed for the acquisition of the privately owned lands and improvements and $3 million would be needed to remove the modern buildings, restore the landscape and rehabilitate the historic houses. Much has been achieved in the decade that has followed the original authorization. More than 500 acres of land have been acquired and about 67.5 acres are in non-Federal public ownership. There remain to be acquired almost 145 acres of land within the established park boundaries.

NEED FOR ENACTMENT OF H.R. 13934

Needless to say, the value of these historic lands has not remained static in the years since the original authorizing legislation was approved. Not only were the original estimates based on unreliable, unscientific appraisals, but land prices here—as everywhere—have escalated appreciably over the last decade. All of the funds authorized in 1959 for land acquisition have been appropriated and invested in the lands acquired; thus, completion of the program is contingent on the approval of new authorizing legislation.

Current, professional appraisals of the remaining properties to be acquired (144.37 acres) indicate that an additional $5,900,000 will be necessary to complete the acquisition program. Of the properties yet to be acquired, eight are considered historic structures which alone are valued at $942,000. Other improvements include residences, commercial buildings, farms, barns, and garages. Altogether there are 58 remaining privately owned properties containing 62 improvements.

Naturally, in light of the current visitor use (over 500,000 visitor days were reported in 1969) and in view of the impending bicentennial celebration of our national independence, the National Park Service is anxious to complete the acquisition program and prepare for a larger number of visitors in the immediate years ahead.

In addition to increasing the authorization ceiling for the acqusition of lands at Minute Man National Historical Park, H.R. 13934 amends the basic act with respect to the maximum size of the park. Present law limits the acreage of the park to no more than 750 acres, but if all of the lands within the present park boundaries are acquired, the total acreage will be 719.03 acres. The Commonwealth of Massachusetts is proceeding with plans to relocate Highway 2 which constitutes part of the boundary of the park. It is anticipated that this relocation might result in severing some lands from the park and in adding pockets of private land between the new highway route and the park. In order to avoid this result, the Federal and State agencies involved have tentatively agreed, subject to the enactment of this legislation, that any additions to or deletions from the park will be accomplished by donation or exchange, if the Secretary determines that such boundary adjustments will enable him to improve the management, administration or interpretation of the area.

Testimony by the Director of the National Park Service suggested that the State might transfer 26.5 acres or more to the Federal Government in exchange for less than 15 acres of park land, and, he added, the comparative value of the State lands is expected to be greater than the Federal lands to be exchanged.

Since the final surveys for the highway relocation have not yet been completed, exact acreage figures cannot be provided, but it may well be that the lands transferred to the Federal Government might result in a legal problem if Public Law 86–321 is not amended so that the park may include more than 750 acres. H.R. 13934 does not impose a precise limitation on the amount of land which the Secretary may accept, but the bill as recommended by the committee does require the expansion of the park to be accomplished without additional cost for land acquisition. The committee, in making its recommendation on this issue, has relied on the statements in the departmental report which indicate that "Any private lands which may be part of the overall exchange will first be acquired by the State."

The House of Representatives made two substantive amendments to H.R. 13934. The first one deals with the authority of the Secretary to revise the boundaries of the park. The departmental report explicitly states that "No land acquisition costs are contemplated under the proposed amendments in section 1." On the basis of this information, the House amendment provides that no funds are authorized to be appropriated to purchase lands acquired as a result of the relocation of Highway 2. The second amendment replaces the open-ended authorization in the bill with an increased, but limited, authorization ceiling. The Senate Interior Committee concurs in these amendments.

COSTS

Section 2 of H.R. 13934 limits the gross amount authorized to be appropriated to no more than $13,900,000. Of this amount, $10,900,000 is dedicated to the acquisition of lands and interests in lands. It should be noted that this new authorization includes the amounts previously authorized to be appropriated so that the new authority contained in H.R. 13934, as amended, totals $5,900,000.

The committee recognizes that some of the historic properties are principally valued for their exterior visual appearance as a part of the overall historic setting and that a substantial portion of their acquisition cost could be recouped if they could be leased or sold with appropriate restrictions, but it has previously taken the position that any leaseback or sellback arrangements should be thoroughly and carefully considered. In the event that any leaseback or sellback arrangements are contemplated with respect to any of the properties acquired pursuant to Public Law 86–321, as amended by H.R. 13934, this committee expects to be fully apprised of all details of the tentative lease or conveyance in advance of any binding commitments on the part of the National Park Service. A reasonable lapse of time should be allowed for consideration of the proposal before any such agreements are executed.

ORDER FOR ADJOURNMENT UNTIL MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in adjournment until 12 o'clock noon on Monday next.

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

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that following the remarks of the able Senator from South Carolina, who is to be recognized now, there be a period for the transaction of routine morning business with a time limitation of 3 minutes on statements made therein.

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

ORDER WITH RESPECT TO UNFINISHED BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that, at the conclusion of the period for the transaction of routine morning business, the unfinished business, Calendar No. 1403, H.R. 15728, the naval vessels loan bill, be laid before the Senate.

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

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order the distinguished Senator from South Carolina (Mr. HOLLINGS) is recognized for 15 minutes.

Mr. BYRD of West Virginia. Mr. President, before the able Senator from South Carolina begins his remarks, I ask unanimous consent that he may be recognized for an additional 10 minutes.

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

AMERICAN TRADE POLICIES

Mr. HOLLINGS. Mr. President, the current debate over American trade policies is being waged on a field of fog and confusion. The experts are bewildered and, understandably, so is the general public. Advocates on both sides of the question have generated much heat, but precious little light. The arguments put forward by participants pro and con are more often than not based on misleading premises, fallacious history, and out-of-date slogans. The acid comments which flow from sheer emotion dominate the public dialogue. Persuasion by threat rather than reason is used to capture the support of the Members of Congress voting on the trade bill. The ancient art of caricature is again in full flood, as sinister images of protectionists leer from the advertising and editorial pages of the big city newspapers. Warnings from foreign chancelleries are tailored to turn our people against the calm exercise of reason. Our trading partners attempt to intimidate Congress by blatant threats of economic retaliation when, in fact, massive trade retaliation would spell doom and destruction for them. It is time, Mr. President, to talk sense about the realities of America's trade position. We have had enough of outworn slogans and tired cliches. Constant reference to "old protectionists" and "new protectionists," to Smoot-Hawley and Adam Smith, confuse rather than enlighten. The times have changed, the world has moved on, and it is long past due that we face the realities of business rather than heed the voices of the antiquated past. It is time to face the situation anew. The last third of the 20th century will not suffer gladly those who are wedded to the musings of long-dead economists. As John Maynard Keynes once wrote:

> The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt

from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.

The United States will not retain its economic preeminence at century's end if its leaders and legislators stubbornly refuse to adapt their theories to the world of changing reality. Let us tell it like it is.

America has always been a trading country. Even before we gained our independence, our prosperity was dependent upon the ships of commerce. As a young nation, we combed the far corners of the world seeking buyers for our wares. Even today we celebrate the era of the great clipper ships which called at the ports of many continents. And although many years have passed, our prosperity is still dependent upon the routes of trade. We seek the continuation of vigorous trade, and we work for a world wherein the maximum feasible freedom exists for intercourse among the nations. Allow me to emphasize this point, Mr. President. Those who favor passage of the current trade bill do not advocate an isolated America, nor do they hope for a world where each nation throws up high tariff walls impeding the free flow of commerce. We seek instead a harmony of interests, an arrangement that will encourage maximum trade modified only by a realistic concern for the security and prosperity of our own land. We seek reciprocal trade policies that will benefit all the peoples of the world, but we are steadfast in our determination to maintain the prosperity of America. Without a healthy home economy, chaos would stalk the international economy. So powerful have we become that a sick American economy would pull the rug out from under the economic security of the free world.

Our own prosperity is the foundation for the tremendous growth in the European and Japanese economies. When the guns fell silent in 1945 and the carnage of World War II came to an end, Europe and Japan were in shambles. Their economic insecurity fueled the fires of political discord and there was grave danger that their political stability would fall victim to their business maladies. The United States was faced with the unprecedented challenge of world reconstruction, and its own fate was closely tied to the rebuilding of foreign economies. We met the challenge and met it well in an annal of history that should fill us all with pride. Europe was provided with the Marshall plan—economic aid which, combined with the initiative of the peoples of Western Europe, allowed rapid recovery from the devastation decreed by the war. Japan was similarly assisted under arrangements following the surrender of the Japanese war machine. The ingenuity of its people quickly propelled that country into the vanguard of the industrial powers. The United States exported not only dollars, but also know-how and technology. Our latest inventions quickly became international property. Our trading partners thus shared in our every advance and this is what encouraged the great leap forward of the past 25 years.

Now, Mr. President, we are paying the bills for that massive export of aid and technology. Our total net disbursements to foreign nations since 1946 total over $131 billion. The total net interest paid on what we have borrowed to give away exceeds $67 billion. No country can write off such outgo. Certainly no one proposes that we do so now. But it is time to recognize that our house must be put in order, and that is the question we are facing, or should be facing, today. The economies of Europe and Japan are healthy and dynamic; they are in strong competitive positions. They are using those positions to compete favorably with the United States in the marketplaces of the world. As we stand here debating and clouding the issue with references to Smoot-Hawley and the conditions which prevailed 40 years ago. Europe and Japan compete effectively with one eye on the present and another on the future. We are paying the price of shortsightedness. Unless we rectify our ways, the future will belong to others.

In short, Mr. President, we have extinguished the technological monopoly which was ours not many years ago. That is simply a fact of life. It will not help us to spend our time either saluting or bemoaning the facts of life. We will either adapt to them or fall victim to the good sense and realism that pervades the capitals of our trading partners.

Today our Nation is afflicted by the highest level of unemployment in two decades. Our Government has admitted that we have experienced a net loss of employment from foreign trade in manufactured goods. Our trade limitations are obviously not a total explanation for the ill health of the American economy, but no one would deny that they are part and parcel of the problem. Our trading partners in Europe and Asia have not been afflicted with our unemployment problem—they have helped cause it. Now we must look to our constitutional duty to promote the general welfare by so regulating foreign commerce as to correct this abominable situation. Data submitted in public hearings held by the Tariff Commission demonstrate that about one-half of U.S. manufacturing industries are being adversely affected by import competition. These data lead to the inescapable conclusion that we must favor such a regulation of imports and promotion of exports as can restore our lost balance vis a vis the other developed nations of the world. Without such policies, American workers will continue to suffer the sacrifice of their jobs, to their own distress and to the despair of the communities in which they live. The facts speak for themselves. The Tariff Commission data indicate that 100 of the worst hit American industries suffered an aggregate balance of trade deficit of $12.7 billion in 1969. This represents a worsening of their trade deficit of $5 billion in just 2 years. At the ratio of 87,000 jobs for every $1 billion change in foreign trade—a ratio used by administration spokesmen—this adverse change in trade of $5 billion represents the loss of 435,000 American jobs. What a boon these jobs would be in relieving our present deep unemployment.

Opponents of the current trade bill argue that we gain more jobs from our exports than we lose from our imports. But the data show that this postulate is wrong. One reason why it is wrong is that the United States does not use whatever advantage in capital and technology that it still has for production and employment in this country. Rather, our multinational corporations transfer these advantages to foreign lands and choose to produce abroad, with foreign labor, articles that could be produced more efficiently in the United States if we put our capital and technology resources to work. This is what Assistant Secretary of Commerce McLellan had in mind when he stated a few months ago that—

We as a nation must recognize that the economist's concept of offsetting job losses in lower technology industry by job gains in high technology industry is frequently frustrated by today's immediate transfer of new technology to low labor/high productivity countries abroad.

As a result of the multinational corporation, American workers and communities are adversely affected by this unwise, and totally unnecessary, displacement of production and jobs. The AFL–CIO believes that these multinational leviathans shift their production back and forth, across national frontiers and oceans and among their U.S. and foreign subsidiaries within a closed-circuit system to utilize the best available low-wage labor and tax incentive policies of foreign countries. Those goods are then sold in the American market at comparative advantage. I agree with this analysis. And I join the AFL–CIO in asking how long can the U.S. labor force and the American market withstand the onslaught of multinational corporations who wish to maximize their short-term dollar returns by using our market for their sales, while at the same time they export American jobs to the lowest possible wage areas available abroad? As part of its attempt to prevent this inexcusable damage to American workers, the AFL–CIO, in an historic reversal of its traditional position on foreign trade policy, is now supporting the imposition of import quotas on foreign-produced products which compete with labor-intensive American industries in our domestic market. I am tremendously encouraged by this demonstration of vitality and awareness on the part of organized labor. Those who currently bemoan organized labor for its lack of energy and vitality would do well to familiarize themselves with this example of forward-looking vision. Labor has a noble history, but unlike many other groups in our midst, its eyes are clearly focused on the future welfare of the American workingman. I would also note that the AFL–CIO is seeking repeal of those tariff provisions which grant duty exemption to the American components incorporated into articles produced aboard that are destined for import into the United States.

The multinational corporations have organized to counter the moves of the AFL–CIO and others of us who seek action to rectify our job-destroying import problems. They have established the Emergency Committee on American Trade, currently headed by Donald Kendall, president of Pepsi-Cola International. Mr. Kendall was the principal client and close friend of Richard Nixon

during the latter's years as a New York attorney. Understandably, Mr. Kendall has the President's ear, and he makes an effective spokesman for the internationally oriented U.S. corporations which constitute the membership of the Emergency Committee on American Trade. Mr. Kendall's resourcefulness is nowhere better illustrated than by the manner in which he seized the initiative for the solution of the textile import problems from Secretary of Commerce Maurice Stans and from textile delegation in the Congress. The current negotiations between the designated representatives of Japan and the United States are really based upon the Kendall plan, carried by its author to Japan with at least the tacit blessing of his friend the President. And here at home in the negotiations that started on election eve, Mr. Peter Flanigan is presenting the administration's case. Flanigan is a close White House adviser to the President, and his Wall Street background and pro-ECAT sympathies are no secret to the people of my State.

The emergency committee is busy in the Halls of Congress espousing its so-called free trade point of view. It has a perfect right to do so, but please let us not allow misleading phrases such as free trade to becloud the issue. The members of ECAT are intent upon preserving their foreign investments, and they do so by opposing policies which might incur the wrath of their foreign benefactors. They speak in terms of the virtues of free trade, but act obviously with as much self-interest as any other group in our society. Their life will be simpler, easier, and more tranquil if we follow their advice. But their vision is limited and their interests, important as they are, do not represent the whole of the business picture. From the membership list of ECAT I have drawn up a list of firms engaged in multinational activities. Even a cursory glance at the range of their operations demonstrates the extent of their foreign investments. Mr. President, I ask unanimous consent that this list be incorporated as an appendix to my remarks today.

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

(See exhibit 1.)

Mr. HOLLINGS. Mr. President, I am not advocating the termination of American corporate activity abroad. Insofar as such operations enhance the stability and well-being of the international economy, I welcome them. But when they create hundreds of thousands of new jobs abroad that could just as well have been created in America, and handicap us in achieving our Nation's full employment objectives, then I oppose them. The profit and loss ledgers we have been discussing during this debate must be put in proper perspective. We must be concerned with the overall prosperity of the Nation. That is our constitutional obligation; that is our humanitarian mandate.

The members of ECAT would have us believe that they are working for the humanitarian development of backward lands, and they would argue that their activities thereby encourage the backward nations to progress. But where do we find their greatest activity and investment? In Africa? In Latin America? No, Mr. President, we find their most significant operations in countries already well developed, in the United Kingdom, in Germany, and so on. The statistics incorporated into the appendix of this talk make that abundantly clear. Let us use some plain, old-fashioned business sense. If those firms would utilize the latest technological and productivity advances here rather than abroad, the competitive situation of the United States would be vastly enhanced.

America is the world's greatest industrial power. Our manufacturing industries are efficient. The managerial talent of our industrial entrepreneurs is the envy of the rest of the world. We have generated the lion's share of the industrial technology in modern times. Government and industry have worked together to transfer the technology emanating from our military and space programs to industrial use. Our labor force is versatile, and through the independence and self-esteem which it has acquired through collective bargaining, American labor has achieved the status of a vital, dynamic national resource.

Our trading partners have used a variety of measures to protect their industries from dominance by American enterprise. Japan's highly protected economy carefully limits imports of American products which directly compete with Japanese industry and American investment in Japanese industry is sharply curtailed. European nations have been more enlightened, and have welcomed investment by U.S. corporations in productive enterprises. Both Europe and Japan have built protective walls around their markets to such an extent that American businessmen long ago concluded that their only access to those markets is through investment within rather than exports from without. In 1969 U.S. foreign direct investments totaled $71 billion, with $22 billion in Europe and somewhat over $1 billion in Japan, of a total of approximately $50 billion invested in developed countries and over $20 billion in less developed countries. We invested $11 billion in plants and equipment for foreign affiliates of U.S. corporations in 1969, and will increase this to $13 billion in 1970 and to $15 billion in 1971. Our annual rate of such investment in Europe has increased from $3 billion in 1968 to $5 billion in 1970, and will grow to $6 billion in 1971. Outlays by manufacturing affiliates of U.S. corporations are the primary factor in the overall growth of plant and equipment expenditures abroad.

Because of Japan's strict control over direct foreign investment in manufacturing facilities, U.S. corporations have been unable to follow their European pattern of investment in manufacturing affiliates in Japan. To participate in Japan's rapidly growing industrial economy, U.S. corporations have been forced to license their technology, and to receive through royalty income the profits they extract from their manufacturing in Europe and elsewhere.

The result of these foreign investment activities has been counter productive for our domestic manufacturing activity and employment. There has been a significant increase in U.S. imports of goods produced by U.S.-owned foreign affiliates. These imports amounted to $5 billion in 1968, compared with $2 billion in 1965. In 1968 the exports from the U.S.-owned foreign affiliates amounted to 8 percent of their total sales, up dramatically from 4 percent in 1965. Total sales of these U.S.-owned foreign affiliates in 1968 in Europe were $26 billion, and $2 billion in Japan. Of $46 billion in sales by such affiliates in all foreign countries, $13 billion was exported, with $5 billion being exported to the United States. The rate of return on all U.S. foreign investments in 1969 was 13 percent, higher than any year in the 1960's, and significantly above 12.6 percent rate of return on domestic manufacturing investment.

The $26 billion in sales by U.S.-owned foreign affiliates in 1968 represents the equivalent effort of about 2,262,000 workers. These are jobs which U.S. corporations created in foreign countries through their $71 billion investment in productive facilities abroad.

The manufactured products valued at $4.5 billion exported to the United States by U.S. owned foreign affiliates in 1968 accounted for 22 percent of total U.S. imports of manufactured goods in that year. The $4.5 billion in manufactures received from the U.S.-owned foreign affiliates represents the equivalent effort of about 381,500 workers.

The technology licensed to Japan in lieu of direct investment in manufacturing facilities in Japan has made it possible for Japan's manufacturing industries to increase strongly their position in world trade. Our imports from Japan boomed from $1.1 billion in 1960 to $4.9 billion in 1969; our exports grew at a slower rate, from $1.4 billion in 1960 to $3.5 billion in 1969. In the first 9 months of 1970, our imports from Japan reached $4.3 billion, up by 19 percent from imports during the same period of 1969. Virtually all of our imports from Japan consist of manufactures.

While imports of Japan's manufactures have increased at this 19-percent rate, our own output of manufactures declined by 7 percent, September 1969 through September 1970, and employment in manufacturing dropped by 970,000, or 5 percent. In October manufacturing employment declined by an additional 660,000 jobs. From September 1969 to October 1970 the total job loss in manufacturing is 1,630,000. The 2,262,000 jobs which American investment created in foreign countries take on real significance in the face of this massive loss of manufacturing jobs in the United States.

As a result of the restrictions against U.S. exports and investment, our business corporations have transferred capital and technology to foreign countries at a rate which has removed a source of economic growth from our own country to a degree that is seriously undermining the stability of jobs for our labor force.

We are considering the enactment of a trade bill which will enable the President to deal with the textile and shoe import problems, and provide an avenue of relief, after proof of serious injury and deep import penetration, for other indus-

tries. We are warned that other nations will retaliate, and even possibly cause a trade war if we give the President this authority, and provide this avenue for relief. Can these threats be taken seriously in the light of the tremendous impact which the long-continued restrictive policies of Japan and Europe have had on the United States? Surely there is room in this debate for a sense of balance. Must we blink at the enormity of the harm to our trade and commerce flowing from these foreign practices, and allow our unemployed workers and their U.S. employers to suffer without hope of relief?

As one official of the executive branch has recently described Japan's policies:

> Japan has imported that which is not produced and has restricted imports of goods which are produced in Japan. * * *: Japan has maintained an elaborate system of controls on imports. These controls consist of quotas and other less visible but equally effective restrictions on a number of products of interest to U.S. and other foreign suppliers. Most of the quotas are acknowledged by Japan itself to be contrary to the provisions of the General Agreement on Tariffs and Trade."

While Japan has recently announced that it will by late next year reduce the categories of products under illegal import quotas from 90 to 40, she will continue in effect her policy of "administrative guidance"—the invisible system by which Japan keeps competitive imports under control.

As another official of the executive branch summed the matter up in early November:

> Over the past decade the rate of economic growth of industrial Europe and Japan has outstripped our own. Their technological capabilities have significantly improved and in many product areas their technology and their productive efficiency has surpassed our own.

Furthermore, the industrial protectionism of our trading partners extends to massive support in the export efforts of their industries. As the official just quoted puts it:

> The present export/import situation is further complicated because many foreign companies operate under more favorable governmental policies than their American competitors. Foreign companies generally enjoy greater support in the form of lower taxes, export tax rebates and similar incentives, special interest rates on capital, greater access to foreign credit and often at a lower cost, and direct government support as the chosen instrument to extend national economic goals into foreign markets.

Let us make no mistake about it: industrial protectionism is practiced to an advanced degree by our major trading partners, and it has harmed our legitimate interests. The pending trade bill represents a modest step in creating the machinery so that America can fight back, and, at the discretion of the President, redress some of the more serious grievances in our trade relations.

Japan and the European Common Market fully understand this kind of game. The recent report of the Committee on External Trade Relations of the European Parliament on trade relations between the European Economic Community and Japan illustrates the complete understanding which our major trading partners have of the appropriateness for safeguards against import injury. I quote portions of the report:

> The European Parliament—
>
> * * * * *
>
> 6. Is of the opinion that the establishment of closer contacts between the economics of Japan and the EEC, whose structures differ in certain respects, make it necessary to include in the future agreement a safeguard clause that would be applicable in cases of actual or potential market disturbances due to imports from the partner countries;
>
> 7. Lays down as a principle that, under the future agreement, it shall be possible for the two contracting parties to resort to this safeguard clause on a basis of full reciprocity and that, with regard to the European Community which is also a single market for third countries, the clause shall be applied in an entirely uniform manner;

That report provides details on absolute import quotas maintained by Common Market countries on imports from Japan of cotton textiles, ceramic products, footwear, umbrellas, cutlery, ballbearings, motorcars, nonferrous metal, iron and steel. Conversely, the report states:

> Just as the Community does with regard to Japan, the latter fixes quotas for its imports from the EEC countries.

These restrictions induce the Common Market countries and Japan to negotiate bilateral agreements on trade. The report notes that these agreements violate GATT:

> The bilateral agreements concluded between Japan and individual member States contain special provisions which are not always in accordance with GATT rules. Bearing in mind all these aspects, including para-tariff and non-tariff obstacles, it may be said that neither Japan nor the member States comply in their trade relations with GATT's principles.

The report acknowledges that none of the Common Market countries have lifted import controls on goods from Japan on 10 items of the Brussels Nomenclature; three of them have not liberalized imports for nine other items; France maintains quotas on more than 30 items imported from Japan; the Federal Republic of Germany, on more than 10 items; Italy on more than 50 items; the Benelux countries, on more than 10 items. At the same time, the report of the European Parliament committee recognizes that Japan-United States trade shows a surplus of $1.5 billion in Japan's favor, with the result that—

> This is a matter about which the two parties feel concerned, all the more so as the USA, which takes up one third of Japan's exports, may have to restrict its imports in future as a result of the general position of its balance of payments.

The committee of the European Parliament takes the position that the existing restrictions on Japanese imports cannot be liberalized because the products in question are sensitive. The aim of the trade agreement negotiations between Japan and the European Economic Community, to which the report directed as a position paper, was stated to be extending the applicability of safeguard clauses to the entire EEC, and to have the safeguard clause operate on "a 'voluntary self-limiting' principle, which is bound to play an increasingly important part in world trade as an appropriate and useful means of preventing market disturbances."

It is precisely the same objective to which the contents of the trade bill are directed. The imposition of quotas, accompanied by the grant of authority to the President to negotiate agreements for the voluntary restriction of imports to the United States, is the trade bill's formula for achieving the avoidance of market disturbances which the EEC itself is seeking in its negotiations with Japan, and which Japan practices through quotas against EEC trade.

How, then, can our putting the United States into this enlightened game for the avoidance of market disturbances be an occasion for retaliation from the major trading nations who are themselves playing that game?

A few months ago, Assistant Secretary of Commerce McLellan described our import problems affecting industry in these words:

> The improved ability of many countries to compete with our own manufacturers in price, style, and quality has imposed severe problems for many of our domestic industries. * * *
>
> Oftentimes industries that are called upon to give up to imports a major share of the domestic market, are located in areas of our country which have experienced severe economic dislocation. Further, they tend to be labor-intensive industries which are particularly vulnerable. * * * this is at a time when we must make greater effort than ever before to provide job opportunities to those in our society who are in the lower economic levels, and who to join the mainstream of economic welfare must be given the chance to take that first step up the economic ladder through the availability of a job opportunity.
>
> While in formulating trade policy the overall interest of American consumers must be kept in mind, it is also necessary that to be a consumer one must be an earner of income. To allow sudden changes in import patterns to have the effect of destroying large numbers of jobs, cannot be in the consumer interest nor in the national interest.
>
> While for years American firms have offset their much higher labor rates with greater technical competence, we find today in industry after industry that this technical competence has transferred overseas and they no longer enjoy that insulation for the higher labor cost. * * *
>
> Further, it must [be] recognize[d] that the economist's concept of offsetting job losses in lower technology industry by job gains in high technology industry is frequently frustrated by today's immediate transfer of new technology to low labor/high productivity countries abroad.

Those words contain a fair summary of the position of many American industries in competing with imports today.

In its investigation of the use of the partial duty exemption afforded to imports which incorporate American goods, the Tariff Commission found that some 1,200 firms are actual or prospective users of this privilege, largely through the assembly abroad of articles for sale in the American market. The principal product categories involved in the offshore production by American companies of goods for the domestic market are wearing apparel, consumer electronic

products, transportation equipment, toys, and scientific instruments. The domestic industries producing these products are under severe import pressure. Between 1967 and 1969 our foreign trade deficit in apparel items increased by amounts ranging from 36 percent to 727 percent, depending on the category, averaging about 80 percent; radios and television sets, by 98 percent; passenger cars by 167 percent, truck and bus bodies, 153 percent, motorcycles, bicycles and parts, 61 percent and other transportation equipment, by 425 percent and toys and games by 107 percent.

There has been a rapid growth of imports produced abroad in whole or in part of American goods, which, upon importation, are exempt from duty as to the American materials. Between 1966 and 1969 such imports nearly doubled, rising from $953 million to $1.8 billion. In 1969 imports under the duty exemption provision accounted for 8 percent of total dutiable imports. When this 8 percent is added to the 8 percent of our imports of manufactures supplied by U.S.-owned foreign affiliates of U.S. firms, we begin to see the extent of our problem. U.S. firms which once took their stand as American producers in the United States, creating jobs here, have moved abroad to lower their costs and increase their profits.

We have already seen that the direct investment of U.S. corporations in foreign affiliates resulted from restrictions imposed on our exports by our major trading partners. Now we learn from the Tariff Commission's report in September 1970 that the offshore assembly of manufactured goods for importation into the United States has resulted from the inability of labor intensive manufacturing industries to compete in the U.S. market with foreign produced manufactured goods. Thus in summing up the reasons why our imports of articles assembled abroad with the use of duty-free American materials have grown so dramatically, the Commission stated:

> The growth of trade under the tariff provision in question has been stimulated by a variety of factors, such as the disparity between U.S. and foreign labor costs of assembly or processing; severe and increasing competition in the U.S. market from foreign producers; the existence of U.S.-owned foreign plants initially established with the intent to expand in world markets through the internationalization of production facilities (in some instances prompted by foreign trade barriers); the benefits provided by [the] tariff items * * * that accord preferential duty treatment to products that contain U.S. components or materials; and the incentives offered by foreign governments to attract new industry (including tax holidays and other possible tax advantages).

The last reason mentioned, the incentives offered by foreign governments to persuade U.S. firms to build production plants offshore to supply the American market, is particularly poignant. In the trade bill we are seeking to provide incentives for U.S. firms to stand fast in their faith in the United States, keep their production facilities in this country, and provide jobs here for American workers rather than in foreign countries for foreign workers. We are impelled to do this in part to offset the incentives offered by foreign governments to entice our industries overseas. They make no apology for their incentive programs, but threaten us with retaliation and a trade war if we try to balance the scales. On top of the foreign incentives, the relentless and growing pressure of low-cost foreign manufactures on domestic producers is the decisive factor in the transfer of our jobs to foreign countries.

Against this background, let us turn our attention to the problems of particular industries. Because of the attention which has been given the textile problems under President Kennedy's seven-point program for the textile industry and the efforts of the Nixon administration to negotiate a threshold agreement with Japan on wool and manmade fibers, the textile problem is a good place to begin a more detailed inquiry into the need for action by the Congress.

Unlike the outside world where textile production is based about two-thirds on the use of cotton and one-third on the use of manmade fiber and wool, in the United States textile market, consumption is based on fiber use which is about 60 percent manmade fiber and 40 percent cotton and wool. The textile industry and market in America today is primarily manmade fiber in its materials and technology base. When we talk about the textile import problem, and its solution, we necessarily are talking about a multifiber industry and market, highly interdependent in fiber consumption, but primarily manmade fiber in its essence.

In 1967, we imported $1.8 billion in value of textile fibers, yarn, fabrics, and apparel; we exported $1.4 billion, and had a net trade deficit of $400 million.

In 1969, we imported $2.4 billion of textile fibers, yarn, fabrics, and apparel; we exported $1.4 billion, and had a net trade deficit of $1 billion. This increase of $600 million in the trade deficit of textile fibers, yarns, fabrics, and clothing, represents a net loss of 52,200 jobs in the 2-year period.

In the first 9 months of 1970 we imported $1.9 billion of textile fibers, yarn, fabrics, and apparel—slightly in excess of the annual rate of imports in 1969 despite the recession in the United States; we exported $1.1 billion—virtually the annual rate in 1969 despite a strengthening of demand in Europe, and had a net trade deficit of $800 million. At the annual rate this will be tantamount to a trade deficit in textiles of $1.1 billion for 1970, equivalent to 96,000 jobs. This is confirmed by the absolute loss of employment in the textile mill products and apparel industries and the manmade fiber producing industry. Together, their employment totaled 2,537,200 workers in September 1969. Twelve months later it had declined to 2,468,000 workers—a loss of 69,200 workers. The losses of jobs in the supplier and service concerns supporting these industries easily accounts for the difference. The textile mill products and apparel industries lost an additional 19,600 jobs in October 1970.

Between September 1969 and September 1970, the index of industrial production of textile mill products dropped from 151.6 to 145.9, while that for apparel products dropped from 146.1 to 141.8. Imports of manmade fiber textile manufactures for the 12 months ending with September 1970 totaled 2.4 billion equivalent square yards, up by 36 percent from the 1.8 billion equivalent square yards imported in calendar year 1969. Imports have continued to climb as industrial production in the textile industry has declined. Obviously the job losses described a moment ago are attributable to the displacement of domestic production by imports. The decline in production in the 12 months ending September 1970 of 4 percent in textile mill products and 3 percent in apparel is equivalent to 72,000 lost man-years of effort, that is, 72,000 jobs. The increase in imports of 600 million equivalent square yards of manmade fiber textile products alone is the work product of about 3 percent of the workforce in the domestic textile mill products and apparel industry, or 72,000 jobs. So we see that the job content of the increased imports is almost exactly the same as the jobs lost in the domestic industry due to the decline in production which accompanied the increase in imports.

The textile industry complex of manmade fiber producers, textile mills and apparel plants supplies such a large part of the total number of jobs available for Americans in manufacturing plants—2.5 million jobs out of a total of about 20 million jobs—that we simply cannot allow it to be steadily damaged and its jobs actual and potential eroded by excessive imports.

The next most serious problem from the point of view of the number of jobs at stake in America is that of the basic steel industry. Its employment has declined from 653,200 workers in September 1969 to 634,600 in September 1970, with a further decline to 617,100 in October 1970. This loss of 18,600 jobs in the 12 months preceding the General Motors strike, and its harmful effects throughout the economy, is not directly attributable to imports.

In 1967 imports of iron and steel mill products were valued at $1.3 billion; exports were valued at $500 million, so we had a trade deficit of about $0.8 billion.

In 1969 imports of iron and steel mill products were valued at $1.7 billion; exports were valued at $900 million, as the industrial boom in Europe generated strong export demand, but our trade deficit remained at about $800 million.

In the first 9 months of 1970, imports of iron and steel mill products were valued at $1.3 billion, at the same annual rate as 1969, as the voluntary agreement by the Japanese and European steel producers to limit their exports to the United States proved to be effective; exports were valued at $1 billion, as the full utilization of capacity in Japan and Europe to meet their strong demand for steel at home to support the strong expansion in industrial activity there produced continued export demand for the American steel producers. The trade deficit is $300 million, about half the 1969 annual rate.

The voluntary agreement for the limitation of their exports to the United States by the steel producers of Japan and The European Common Market, announced on January 14, 1969, is applicable to the years 1969 through 1971. The

steel agreement has worked well in the sense that the total imports in 1969 were almost exactly equal to the voluntary quota. The product mix has been changed significantly, however, as both the Japanese and the European steel producers have shifted the composition of their exports to higher grade-higher value steel than existed in the base year. The Committee on Ways and Means strongly recommended in its report on the trade bill that the administration try to secure an extension of the voluntary quotas, and to cope with necessary improvements, meaning in particular, the avoidance of major shifts in the composition of exports. The domestic steel producers are urging that the voluntary restraint be extended for 2 additional years beyond 1971, and that the annual growth rate be reduced from 5 percent to 2.5 percent per year, with the product mix rolled back to historical levels.

Under these circumstances, the Congress with the concurrence of the industry is emphasizing an extension of the voluntary agreement as the chosen instrument for coping with the import problems of the basic steel industry. Legislation at this time is therefore not required, but should the effort to secure an acceptable extension of the agreement fail, Congress would be disposed to act.

The next most serious problem, after textiles and steel, from the point of view of the number of jobs at stake here at home is that of the interrelated industries producing consumer electronic products and components. We are talking about radios, televisions, phonographs, and tape recorders, and such parts and components as television picture tubes, electron receiving tubes, loudspeakers, capacitors, resistors, transformers, and a number of parts and subassembly components used in consumer electronic products. A joint statement filed with the Senate Finance Committee during its hearings on the trade bill by the three principal labor unions representing workers in electronic product plants and by the domestic producers of the types of parts and components used in consumer electronic products, establishes that the penetration of the domestic market by imports of these products greatly exceeds that of most other industries. Fully 36 percent of domestic consumption of televisions, 44 percent of phonographs, 93 percent of radios, and 94 percent of tape recorders is supplied by imports. The parts and components included in these products just as fully represent a displacement of domestic production as the fabric equivalent of imported apparel constitutes a displacement of yarn and fabric production by domestic textile mills. The range of import penetration of domestic consumption of the parts and components is as deep as that which I have mentioned for the consumer products.

The import rise of electronic products has been exceptionally swift, and incongruously has been accompanied by the 50-percent reductions in duty made on virtually all electronic products in the Kennedy round. Remarkable, almost unbelievable, is the fact that our negotiators allowed the principal foreign producers who supply their exports to our market to keep their duties on electronic products from twice to three times the reduced level. To add to these indignities, the Japanese industry, the principal supplier of foreign produced electronic products to the American market, has systematically resorted to dumping and other unfair methods of competition to increase the strong competitive advantage which their lower wages, access to American technology and unilateral tariff concessions by the U.S. Government have conferred upon it. Some Japanese manufacturers openly admit that they resort to cutthroat export prices as a means of conquering new markets. Then, once the competition is killed off, up go prices. A host of dumping cases has been in process in the Treasury Department for more than 2 years on virtually the whole range of components, and television sets. In every case the Treasury has found dumping, but this far, in most cases, a government which had dealt unfairly and harshly with its own domestic industry in the Kennedy round, continued the treatment by exonerating the Japanese producers from dumping duties by accepting their promise that they would not dump their products in the future.

All of this has had a predictable and extremely serious effect on employment in the domestic industries producing consumer electronic products and components. Employment declined by 115,000 jobs from its peak in October 1966 to September 1970. The September 1970 work force of 475,000 workers is the lowest in many years.

In 1967 imports of radios, televisions, and other telecommunications equipment were valued at $536 million; exports were valued at $475 million, leaving a net trade deficit of $61 million.

In 1969 imports of radios, televisions, and other telecommunications equipment were valued at $1 billion; exports, at $600 million, with a net trade deficit of $400 million.

In the first 9 months of 1970, imports of radios, television, and other telecommunications equipment were valued at $800 million at about the 1969 rate; exports were valued at $500 million, leaving a net trade deficit of about $300 million.

Employment in the consumer electronic product and components industries declined from 553,300 workers in September 1969 to 475,000 in September 1970, a loss of 78,300 jobs in 12 months. The 1969–70 level of imports, at about $1 billion, is the equivalent of 87,000 jobs.

The domestic industries producing consumer electronic products and components and the labor unions representing the workers in their plants, have until recently been sharply divided on the question of the form, if any, of governmental action which they desire to enable them to cope with these circumstances. As strikingly revealed by the Tariff Commission's report on September 1970, the domestic producers of radios, televisions and phonographs have responded to the intense foreign competition by establishing assembly plants outside of the United States. As these plants come on stream, the attitude developed among the companies owning such plants to resist the imposition of trade restricting measures because they feared the effect on their overseas investment. They are opposed to quotas because if drawn up on an historical base, the lion's share of the imports would be given to Japan to the detriment of the off shore production of U.S. producers.

Legislation has been introduced by the senior Senators from Indiana, New Hampshire, and West Virginia which would impose quotas equal to a recent level of imports with a growth factor to keep imports and domestic production at a historical ratio of participation in future growth in consumption. This legislation also includes a delegation of authority to the President to negotiate agreements for the limitation of imports which would supercede the quotas, much like the pending trade bill's provisions as to textiles and shoes. The labor unions and the producers of most categories of parts and components support the enactment of such legislation. The domestic producers of parts and components are willing in the alternative to have Congress increase the existing duties of electronic products to the level of 35 percent ad valorem in lieu of quotas.

The division within the electronic industries, and the 11th hour interest of the unions, has prevented any major congressional support for a legislative solution to the electronic product import problem from developing. Politically it does not appear feasible to broaden the trade bill to include a specific solution to that problem, though on the merits I agree that it is as deserving of solution as textiles or shoes.

This brings me to the next most important problem facing us, that of the shoe industry. There are two divisions of this industry, rubber-soled and leather footwear, and both are in trouble. As a result of a Tariff Commission investigation under the seldom used "flexible tariff" provision of the Tariff Act, duties on rubber-soled footwear are based on the American selling price value. When the executive branch negotiated the controversial agreement providing for the elimination of the American selling price valuation base on imports of benzenoid chemicals, it omitted reference to rubber-soled footwear. The administration's trade bill asks for authority to eliminate ASP on both chemicals and rubber-soled footwear. Just recently it developed that the Tariff Commission's calculations of the converted rates of duty required to eliminate ASP on rubber-soled footwear without loss of protection may be inaccurate. As a result, the House-passed trade bill permits the President to negotiate an agreement to eliminate ASP on rubber-soled footwear, but requires that such agreement be submitted to the Congress for ratification.

Rubber-soled footwear were exempt from duty cuts in the Kennedy round. In April and July of this year the Tariff Commission found that the workers in four domestic plants producing rubber-soled footwear are being seriously injured by unemployment or underemploy-

ment by increased imports at the existing rates of ASP-based duties.

The trade bill contains no affirmative help for the rubber-soled footwear industry, and threatens its continued existence by authorizing the President to negotiate for the elimination of the American selling price value base on imports, even though congressional ratification is required. Thus, the reform of the escape clause contained in the trade bill offers the industry and its workers their only hope; but it seems unlikely that the Nixon Administration would increase tariffs or apply quotas under the escape clause when it has already prejudged the case by deciding as a matter of policy that the foundation of its protection, the American selling price valuation base, must be eliminated.

In 1969 the rubber-soled footwear industry had a balance-of-trade deficit of $133 million, which had increased by 64 percent in size since 1967. This is a highly labor intensive industry, which, however, pays wages somewhat higher than most labor intensive industries, averaging $2.70 in September 1970. Its import duties, even with the help of the ASP base, averaged less than 20 percent ad valorem in 1967, and are even lower today. Its work force declined by 5.5 percent in the 12 months ended in September 1970, to a total of 24,000 workers.

The other sector of the footwear industry, that producing leather footwear, is the object of serious concern within the Congress. Three bills are pending in this body with 28 sponsors to provide for import quotas, and, alternatively, negotiated agreements, for the limitation of leather footwear imports. A majority of the members of this body and of the House signed a letter petitioning the President for action to limit footwear imports. The result of these efforts is the incorporation in the pending House-passed trade bill of quota and trade agreement authority provisions on footwear. The Nixon administration, however, is opposed to the footwear provisions of the trade bill, consistent with the President's aversion to the use of trade restrictions for any industry other than his carefully defined exception for textiles. Not surprisingly, therefore, an executive branch task force studied the leather footwear problem and concluded that legislation is not needed. The President requested the Tariff Commission to investigate to determine whether the nearly impossible tests of the present escape clause are met by the conditions in the leather footwear industry. A decision is expected in mid-January.

Meanwhile, the President's innovation in adjustment assistance law of accepting a split decision of the Tariff Commission as a finding of injury in adjustment assistance cases, has resulted in his certification of the workers in six leather footwear plants to apply for adjustment assistance. Shoe workers thus join the list of the unemployed who are offered the balm of extended unemployment compensation for the dignifying opportunity to work for a living.

The accute peril of the leather footwear industry was recognized by our trade negotiators, who in a rare act of compassion, spared footwear tariffs from reduction in most categories.

In 1967 imports of all categories of footwear totaled 215 million pair, valued at $263 million, with an average unit value of $1.22 per pair. By 1969 imports had increased to 283 million pair, valued at $488 million, with an average unit value of $1.72 per pair. In 1969 we had a net balance of trade deficit of $473 million in footwear, an increase of 88 percent over the deficit in 1967.

During the first 9 months of 1970, imports of footwear totaled 259 million pair, valued at $470 million, with an average unit value of $1.82 per pair. Imports are running at 22 percent above the 1969 rate.

Meanwhile footwear plants are closing in the United States and U.S. firms are moving their production abroad in order to keep a position in their own market. Employment in the leather footwear industry declined from 221,200 workers in October 1969 to 212,200 in October 1970, a loss of 9,000 jobs in 12 months.

It is clear that the strategy of the executive branch is to use Tariff Commission findings as a basis for granting adjustment assistance to the domestic footwear industry. This is polite language for telling the industry and its workers that their capital investment and jobs are to be sacrificed on the altar of free trade as a burnt offering to the President's faith in the multinational corporation. If the shoe industry is to be saved, we in the Congress must save it. It is not too late to prevent the flight of capital, technology, and managerial talent to foreign shores in footwear.

Thus far I have referred only to the situation of textiles, steel, electronic products, and footwear. What of the rest of the 100 highly import-sensitive industries which are marked for liquidation under the established and deepening impact of excessive import competition? They are distributed through virtually every major sector of manufacturing industry in America: food products, textile mill products, apparel, lumber products, furniture, paper products, batch process chemicals, petroleum, rubber products, leather products, stone, clay and glass products, primary metals, fabricated metal products, machinery, both electric and nonelectric, transportation equipment, scientific instruments, and miscellaneous manufactured products. In an earlier portion of my remarks I presented a summary of the balance of trade deficit and loss of jobs which has occurred in these industries as a group.

Many of these industries have established plants and created jobs for my constituents in South Carolina. In an accompanying table I identify these industries, their national trade and employment picture, and their 1969 employment in South Carolina. Mr. President, I ask unanimous consent that this table be incorporated into the printed text of my remarks.

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

U.S. "IMPORT-SENSITIVE" INDUSTRIES WITH ESTABLISHMENTS IN SOUTH CAROLINA

SIC No.	Description	1969 trade deficit (thousands)	Increase in deficit 1967–69 (percent)	Change in employment September 69/ September 70	Jobs in South Carolina
2011	Meat packing plants (2013)	$603,661	29.5	+6,800	1,463
22	Textile mill products	443,500	57.8	—37,700	139,021
23	Apparel products	896,600	84.9	—26,100	42,712
2421	Sawmills and planing mills	377,321	49.0	—12,300	4,759
2432	Veneer and plywood	212,044	27.3	—600	2,543
3552	Textile machinery	222,067	687.7	—6,800	5,900
3941	Garnes and toys	105,524	107.1	—6,400	1,096
3942	Dolls	48,497	54.2		
3949	Sporting and athletic goods	70,862	1,484.3	—4,300	1,544
3964	Needles, pins and fasteners	15,941	113.2	—2,600	1,932
	Total	2,796,017	60.0	—90,000	200,970

Mr. HOLLINGS. Mr. President, the aggregate balance-of-trade deficit of these South Carolina based industries in 1969 represents the equivalent of 243,600 jobs lost in the American economy. Just in the increase in the balance-of-trade deficit between 1967 and 1969 of $1.48 billion there occurred a displacement of 91,214 jobs, virtually equal to the absolute drops in employment between September 1969 and September 1970 in these industries. This job loss is equal to nearly half of the total employment in South Carolina in these industries. The South Carolina delegation in the Congress is vitally concerned about this threat to employment in our State. The economies of the other industrial States in the Union are similarly threatened by foreign trade displacement of jobs in the 100 imports sensitive industries located in their States. As I have pointed out in the earlier portion of my remarks on this topic, the administration itself now admits that the job gains in export industries are far from sufficient to offset job losses in the import sensitive industries from excessive imports.

How are these many industries to be helped? How are the jobs of their workers to be saved? The trade bill sent to us provides the answer by reform of the escape clause. Will the escape clause, amended by the provisions of the trade bill in the House, provide an adequate remedy for our injured import sensitive industries? I have concluded after my study of the House bill that it will not. Further amendments are required in the language of the trade bill if we are to establish justice and provide for the general welfare through effective attention to the job-destroying effects of labor intensive imports.

The theory of the escape clause amendments in the trade bill is twofold: first, the tests for relief will be made more realistic so that domestic industries

and groups of workers can secure a finding of serious injury when increased imports have been a substantial cause of such injury; and second, with the door to relief thus opened, to reduce the discretion of the Executive who is philosophically not attuned to the granting of relief, so that there is some reasonable prospect that damaging levels of imports will be brought under some semblance of regulation through duty increases or other import restrictions.

I have no quarrel with the theory of the bill. It is sound. The fine print of the bill, however, fails to carry this theory into reality. Taking the second objective first, that is, to narrow the President's discretion, the House bill provides the so-called trigger formula as an added test to be met after the Commission has found that increased imports are a substantial cause of serious injury. The trigger formula consists of elements labeled A, B, and C in section 301(b) of the bill. To be successful, a petitioner must prove either that imports meet the mathematical formula for market penetration set out in "A," or, alternatively, that increased imports have had the effects set out in "B" as to declining production and employment. Having cleared that hurdle, the petitioner then takes up his burden of proof under "C," which is twofold: he must show that "the unit labor costs" of producing the imported article are substantially below those of producing the like domestic article. It would be impossible for any domestic industry to satisfy the latter test.

Unit labor costs can be established only from the confidential books and records of each foreign producer supplying the imported articles to the United States. Obviously their domestic competitors will be unable to secure access to the books of foreign competitors. There is no way that domestic industries petitioning the Tariff Commission for escape clause relief could meet the burden of proof imposed by element "C" of the trigger formula.

Furthermore, the first element of the "C" test, proof that the imported article is offered for sale at prices substantially lower than those prevailing for the like domestic product, will not always be possible. In some domestic industries, the domestic producers continue to lower their price to meet the offers of foreign producers. The domestic producers sacrifice profits to keep their plants operating and to hold their labor force together. The prevailing prices of the domestic article will be about the same as the prices at which the imported articles are offered or sold. Yet the domestic industry will be unable to operate at a level of reasonable profit, a definitive test of injury. The tests imposed by "C" in the trigger formula are therefore impractical, unrealistic, and will stultify the remedy.

It may be argued that the possibility of relief does not depend solely on satisfying the trigger formula. If a petitioner proves that the domestic industry has been seriously injured in substantial part to increased imports, the President is authorized to grant relief even though the trigger formula is not met. In that event, however, the President's discretion is not diminished. He would be empowered by section 113(1)(A) of the bill to take such action as he "determines to be necessary" to remedy the injury regardless of what the Commission found to be necessary. The problem today is that the President does not believe that increased duties or import quotas are necessary to remedy import injury. The tragedy of today's law and practice is that rarely does the Commission make a finding of injury and of the amount of increase in duty or other import restriction needed to remedy the injury because of the impossible tests in the present law. It is this state of affairs that the Congress must change if the deepening pockets of import injury in our Nation are to be set right and the jobs of our fellow Americans saved.

Fortunately, the Senate Finance Committee has understood the problems I have just mentioned and acted to rectify those inadequacies. On November 30, the Finance Committee deleted the trigger mechanism and substituted a different test with which I am in agreement. If the Tariff Commission determined that an industry was not only seriously injured by import competition but was also severely or acutely injured, it would report such findings to the President who then would be required to impose whatever restrictions the Tariff Commission found necessary to remedy the injury. If the President determined that it was not in the national interest to provide such import restrictions under either the serious injury tests or the severe injury test, he would so report to the Congress within 60 days after receiving an affirmative injury determination, and the Congress by a majority vote of the authorized membership of both Houses could then approve a concurrent resolution implementing the import restrictive action recommended by the Tariff Commission. This provision, Mr. President, would alleviate the problems I have mentioned and I support its inclusion in the final bill.

Mr. President, America is not only a land of factories, it is also the world's foremost agricultural country. Our farmer's welfare must be considered in any proposal to modify our trade laws. America is a major agricultural trading nation. Our farms are efficient, and our ability to produce agricultural commodities for export is very great. We promote our agricultural exports by Export-Import Bank loans, by Commodity Credit Corporation sales at the world price, by Public Law 480 gift, grants, and sales for foreign currencies which are retained in the destination country to finance good works there. From 10 to 20 people out of every 100 employed on the farm owe their jobs to agricultural exports. We export nearly $4 billion annually in food and livestock, which helps pay for our imports of such products, valued at about $4.5 billion.

We export more grain than any other agricultural commodity. Our domestic price support program protects the income of our farmers, and absolute import quotas protect the price support program. We practice categorical protectionism on grain and other price support program commodities, and enjoy good success in exporting them to grain deficit nations. We are aggrieved nowadays because the European Common Market broke its promise to maintain access for our agricultural exports at least as good as it was in 1960. They have expanded their domestic price support programs, and use the variable import levy to protect those programs rather than absolute quotas as we do.

We impose quotas on dairy products, keeping imports to something less than 2 percent of domestic consumption. We keep tight control over sugar imports by dividing up domestic consumption among domestic producers of cane and beet sugar and a host of foreign countries. At the request of the producing nations we signed the coffee agreement, and impose quotas on imports of coffee as a backstop to the export taxes which the producers use to control their exports.

The cattle producers were left out of this tight control program for farm products until they came to Washington in 1964 and persuaded the Congress to enact, and the President to sign, the meat quota law, Public Law 88-482. This sets an annual trigger point for meat imports based on estimates of the Secretary of Agriculture as to the supply needed to supplement domestic production to meet consumer demand. The intent of the law is to limit imports to about 4.6 percent of domestic commercial production. The quotas, set in 1968, are increased about 4.5 percent a year. Rather than operate under the quotas, the principal foreign suppliers have negotiated agreements to limit their exports to the United States in exchange for assured and increasing access to the U.S. market. The President has cooperated by suspending the statutory quotas, and by signing the bilateral agreements limiting supplier exports to a definite rate.

The farm interests are said to be opposed to the trade bill, evidently because they have been persuaded that its enactment will lead to further retaliation against our agricultural exports beyond the hobbling effect of current European practices. Soybeans are the favorite example of those who take this line. The United States accounts for 99.7 percent of world exports of soybeans. Half of our exports go to Western Europe, and about one-fourth to Japan. Soybean oil is an important industrial raw material. The residue left from pressing the oil, soybean meal, is also in great demand as an industrial raw material. The United States accounts for about half of the land acreage in the world devoted to soybean production, and for about 65 percent of world production. Every nation producing soybean consumes a major part of its production, so versatile is the soybean for food, forage, and industrial use. We have the largest export surplus. Our exports of soybeans in 1969 amounted to $823 million, a very important item in our balance of trade and payments.

Will our trading partners shut off their imports of soybeans from the United States if we enact the trade bill? Of course not. Europe produces 50,000 tons of soybeans, but consumes 5.2 million tons. Where would she replace the 5.15 million tons she receives from the United States? The Far East produces 1.2 million tons, but must import 2.9 tons to

meet her needs. There is no alternate source for the soybeans those areas need. Japan imported over 2.5 million tons in 1969 and of that total, over 2.2 million tons came from the United States. Her next largest supplier, Red China, supplied only 376,000 tons to Japan. To retaliate against the United States on soybeans would be an extreme case of cutting off their nose to spite their face. They will not do it.

The same is true of other agricultural products. Japan buys these commodities from us in such large volume for one reason—she gets the best prices and trading conditions from the United States.

Cotton is a prime example of the fact that there is little or no relationship between what a major exporting country like Japan buys and what it sells abroad. During the past 5 to 10 years when Japanese textile imports to us grew so rapidly, there has not been any comparable growth in her cotton purchases from us. On the other hand, Mexico imports virtually no cotton textiles from Japan. Last year, however, Japan imported more raw cotton from Mexico than from the United States. The talk of retaliation is nothing but an empty threat designed to keep the United States off guard while exporting nations shop the world for the best bargains and dump their low-wage finished products on our market in ever-growing volume.

In the Kennedy round the negotiation strategy of the United States was to offer deep reductions in industrial duties to persuade the Common Market to modify her system of variable import levies so that the United States would have continued markets for its exports of agricultural commodities in volumes at least as great absolutely and proportionately as its recent historical share of that market. The European Common Market refused. Our negotiators should have gotten up from the negotiating table and returned home without an agreement. They did not do so. Instead, we capitulated to the Common Market's unyielding position on agricultural trade, and left our deep cuts in industrial tariffs on the table for incorporation in the agreement. We were humbled and outtraded in the Kennedy round. Now our agricultural trade with the Common Market is suffering.

We have not had the courage to bring the Common Market to the dock by filing a suitable complaint under the provisions of GATT. We have tried to use the gentle art of persuasion, to no avail. As Secretary of the Treasury Kennedy stated on November 24, 1970, just last month:

> The proliferation of preferential trading arrangements of the European Community and its Common Agricultural Policy have adversely affected our trading interests and those of other areas, such as Latin America, in which the United States has a strong interest.

Assistant Secretary of State Philip H. Trezise recently admitted that—

> There was almost no progress in the Kennedy Round toward removing barriers to trade in agriculture, and nothing has happened since to improve matters. Instead, we have the prospect that the European Community will soon be enlarged by the addition of the United Kingdom and others and that the agricultural restrictionism of the Community will be extended over a much larger consuming market.

Since 1966, our exports of agricultural commodities subject to the Common Market's variable import levies have declined by 47 percent. The Assistant Special Representative for Trade Negotiations for Agriculture, Herbert F. Propps, recently summed up our agricultural trade relations with the Common Market by stating:

> The threat, for the rest of the world, is the loss of the European market and increased competition and lower prices in the diminished world market. This is the major world trade problem of the day.

What all of this means is that we gave away our bargaining material in the Kennedy round. We face the same problems today with the European Common Market on agricultural trade we faced a decade ago, and forbear to retaliate against its harmful restraints on our agricultural exports. Against this background, I am not impressed with the alarm over the trade bill voiced by certain farm interests who are securely protected in their home markets by an elaborate system of import quotas, and who have yet to turn their political energies to the real problem which confronts their export trade today, as it has for the past 10 years.

Mr. President, a considerable amount of the heat in the debate on the trade bill is directed to the assumed effect of the bill on consumer prices. The simple syllogism of the opponents of the bill is—anything that increases consumer prices is bad; the trade bill would increase consumer prices; therefore the trade bill is bad.

The Wall Street Journal has commented editorially on the effect of higher tariffs and of quotas. Of increased tariffs, the Journal says:

> Tariffs lessen the pressure on domestic firms to increase efficiency and keep prices down, but they increase that sort of pressure on foreign producers. If a foreign firm can get its prices low enough, after all, it can slip its products over the tariff wall.

If one adds to the doctrine thus elucidated by the Wall Street Journal the ingredient of fairness in balancing the pressures on both domestic and foreign producers, the price consequences need not be harmful. The Journal is able to recognize this and add something favorable to the use of higher tariffs to solve our import problems. Says the Journal:

> One favorable aspect of tariffs is that they do help the Federal Treasury.

As to the effect of quotas on prices, let us look at cotton textiles. These have been subject to quota control since 1961 under international agreements, yet prices have risen only slightly. In 1960, before the arrangement went into effect, cotton prices stood at 104.4—1957–59 equals 100. In September 1970, it was 106.4. During this same period the index for all industrial commodities increased from 101.3 to 117.1. Clearly the cotton arrangement had no adverse effect upon prices.

The argument against protection based on the assumed effect on consumer prices is an old one. Long before the arrival of what Ambassador Carl Gilbert calls "our modern tariff history" beginning in 1930, President Grover Cleveland developed the consumer interest argument in his third message to Congress, December 6, 1887: Commenting on the then existing tariff laws, he states:

> These laws, as their primary and plain effect, raise the price to consumers of all articles imported and subject to duty by precisely the sum paid for such duties. Thus the amount of the duty measures the tax paid by those who purchase for use these imported articles. Many of these things, however, are raised or manufactured in our own country, and the duties now levied upon foreign goods and products are called protection to these home manufacturers, because they render it possible for those of our people who are manufacturers to make these taxed articles and sell them for a price equal to that demanded for the imported goods that have paid customs duty. So it happens that while comparatively a few use the imported articles, millions of our people, who never used and never saw any of the foreign products, purchase and use things of the same kind made in this country, and pay therefor nearly or quite the same enhanced price which the duty adds to the imported articles.

President Cleveland was realistic enough to recognize that this consumer effect could not be, and ought not be, removed entirely. He acknowledged that—

> In a re-adjustment of our tariff the interests of American labor engaged in manufacture should be carefully considered, as well as the preservation of our manufacturers.

For the sake of argument, let us assume that the operation of the trade bill does produce some slight price increases. Shall we treat this possibility any differently than we do the demonstrated price increase effects of our laws which properly support and enforce collective bargaining? Or the price effects of our high tax rates which necessarily cause manufacturers to include a cushion for taxes in order to protect their after-tax earnings? Or the price effects of our socially necessary wage and hours law, and our periodic statutory increases in the minimum wage? Or the price effects of our long delayed but vitally important laws to protect the environment, as manufacturers must necessarily add to their costs and their prices their essential measures to protect the environment from manufacturing pollution?

Critics of the bill who use the consumerism argument conveniently sidestep the implications of their argument. They obviously will not take a stand for the repeal of all our enlightened social legislation which carries a cost that finds its way into consumer prices. They also overlook the requirement of the Trade Act as it would be amended by the pending trade bill that the Tariff Commission keep under review developments with respect to any industry which secures an increase in duty or imposition of quota as under the escape clause, and make annual reports to the President in which it covers the steps taken by the firms in the industry to enable them to compete more effectively with imports. If the Commission finds that the firms in the industry make unwarranted price increases, it will be in a position to report that fact to the President. The President is now authorized and will continue to be authorized under the pending bill, to terminate any tariff increase or quota imposition, at any time, when he determines in the light of a Commission report

that such termination is in the national interest. Thus the President will be in complete control of the situation. If unwarranted price increases are made by the firms being assisted by tariff or quota action, the President can terminate the assistance and protect the consumer interest.

Mr. President, the consumerism argument is both dangerous and misleading. The consumer is the workingman, the laborer. But if he is thrown out of his job because of unfair foreign competition, he is no longer either producer or consumer. Advocates of the consumerism argument fail to realize that the consumer is a real flesh-and-blood workingman, not some abstract theoretical concept. If the worker has no job, he will not be doing much consuming.

Mr. President, in light of all that I have said today, America is obviously at a crossroads as to the future of its trade position. I have attempted to make clear my belief that reciprocity and lowered tariff barriers are ideals to be earnestly sought. But I have also tried to show that reciprocity has been lacking and that the United States now finds itself in an untenable position. Our competitive advantage is being lost and American jobs are being exported every minute of every day. I must, therefore, conclude that action is necessary—necessary now. I support the trade bill that is currently before Congress because it offers our only salvation in the face of the President's reluctance to take strong executive action. Mr. Nixon has refused, time and time again, to use the mechanisms available to him in fighting off the challenges we face in the world trade arena. In the face of the President's refusal to deal forthrightly with the trade problems, my only option is to support this legislation. In doing so, I do not seek to turn the clock back. In reality, the clock cannot be turned back—it moves relentlessly forward. The trade bill cannot be construed as a return to Smoot-Hawley protectionism. It provides the President with ample discretionary procedures and encourages that type of reciprocity that will allow the world to get on with its business of creating a more equitable climate for international trade. We are not demanding a monopoly in the American market; we are seeking only the consideration and reciprocity without which lowered overall tariffs are impossible. I urge my distinguished colleagues to look at conditions as they exist today and to study the problem unencumbered by the sterile phrases and trite ideology of days long since past.

EXHIBIT 1

MEMBERSHIP LIST OF EMERGENCY COMMITTEE ON AMERICAN TRADE

AMERICAN EXPORT INDUSTRIES

American Export Industries, basically an ocean carrier, is developing a total system for the transportation and distribution of freight, both domestic and international.

AEX has routes emanating from the Mediterranean, Adriatic, Red and Black Seas, and in India and the Far East.

Marine terminals planned in Italy, Spain, and Taiwan will provide warehousing and rail transfer yards and will be available for use by other containership operators.

AEX has European subsidiaries and affiliates in Belgium, Luxembourg, Germany, Italy, and Liechtenstein.

AMERICAN METAL CLIMAX

This diversified metals company has mining projects the world over: nickel mines in New Caledonia (joint venture with French mining concern) and Botswana; copper mines in Puerto Rico; tungsten mines in Canada; potash reserves in Canada; and a 25% interest in the Mt. Newman Project in Western Australia, one of the world's largest and newest sources of iron ore. (Before the first shipment of ore was made, Mt. Newman owners had contracts with Japanese and Australian steel mills worth over $1.5 billion.)

Dividends from investments in overseas mining companies account for nearly 25% of AMAXs profits. Mainly in Africa, these investments had a market value of $203 million at the beginning of 1970.

In addition, AMAX has plants and sales offices in numerous countries around the globe.

AMERICAN MOTORS

In fiscal year 1967–68, American Motors had international wholesale sales of 51,914 cars, or 16.1% of total wholesale volume. There are facilities that assemble the company's cars in 12 foreign countries, and there are distributors in 119 nations. American Motors has subsidiaries in Canada, Venezuela, Peru, and England.

In an effort to diversify, American Motors recently acquired Canadian Fabricated Products, Ltd. of Ontario and a New York-based international automotive financing company, Development Credit Corporation.

BELL & HOWELL

Bell & Howell, a leading producer of photographic equipment, electronic instrumentation, and business machines, has plants in Canada, Europe, and Japan. Most of these plants have been expanded in recent years as a result of the increasing role of international sales in Bell & Howell's total profit picture.

BENDIX CORP.

At the end of 1969, Bendix International, the operating company of the Bendix Corp. which is responsible for the corporation's exports, foreign licensing and foreign manufacturing activities, administered direct and indirect equity interests in 26 foreign manufacturing affiliates located in Europe, Latin America, Australia, Taiwan and Japan. Total employment in these affiliated companies exceeded 25,000 workers. In addition, Bendix International administered a total of 467 individual agreements with 164 licensees in 20 foreign countries.

Total export sales of Bendix International in fiscal 1969 were $55 million; licensing revenues totaled $6.1 million (sales equivalent of this royalty income is estimated at $222 million); and, aggregate sales of affiliated companies in which Bendix owned 25% or more equity interest were $276 million. Thus, collectively in 1969, Bendix products had a foreign sales volume, in markets served by Bendix International, of $497 million. Total foreign sales of Bendix products, including those not under the management responsibility of Bendix International, aggregated approximately $608 million.

BOEING CO.

The Boeing Company, leading maker of commercial and military aircraft, is represented overseas by wholly-owned Boeing International, located in Europe and Japan. The commercial airplane division has sales offices in Geneva, Beirut, and Sydney, and there are service representatives all over the world.

The company has a wholly-owned subsidiary in Canada, a 17% interest in Messerschmitt-Boelkow GmbH, the largest aerospace company in Germany, and a 60% interest in Advanced Marine Systems—Alinavi SpA of Italy. In addition, Kawasaki Aircraft Co. of Japan produces helicopters under license from Boeing's Vertol Division.

BOISE CASCADE CORP.

Boise Cascade, producer of building materials and paper products, has continuingly expanded its overseas operations in recent years.

At the beginning of the year, the company's overseas operations included building material sales outlets in Great Britain, Denmark, Sweden, France, Germany, Puerto Rico, Japan, and Australia. The company produces paper and wood products in the Phillippines; corrugated containers in Austria; travel trailers throughout Europe; paper products in Guatemala and Costa Rica; and, sectionalized homes in Great Britain. In addition, Boise Cascade provides electric service in several Latin American countries and telephone and gas service in Panama.

BORG-WARNER CORP.

This diversified industrial, chemical company has holdings the world over. Borg-Warner has wholly-owned subsidiaries in Canada, Holland, Mexico, England, Italy, Brazil, and Germany. Its jointly-owned affiliates include: Marbon Chemical, Australia (55%); Ube Cycon, Ltd., Japan (49%); Le Froid Industriel Brissonneau-York, France (50%); Mitsubishi-York, Japan (49%); York-India, (50%); BJ Serive, Argentina (80%); NSK Warner, K.K., Japan (50%); Tsubakimoto-Morse Co., Ltd., Japan (40%); and, Borg & Beck de Venezuela, Venezuela (51%).

BRISTOL MYERS

Bristol Myers, a leading producer of toiletries and pharmaceuticals, has consolidated its operations in many areas of the world. Its major markets are Canada, France, Mexico, Brazil, Australia, the Philippines, Japan, and England. Non-U.S. sales accounted for about 23% of total volume in 1969.

In 1968 the International Division of Bristol Myers had a total of approximately 6,800 employees.

Major construction projects in 1970 include two production facilities in Puerto Rico and one in Italy (designed to supply products to the nations of the Common Market).

CPC INTERNATIONAL

CPC International, the world's largest corn refiner, had sales of $1.22 billion in 1969. Close to 50% of the sales ($608.9 million) and profits ($27.3 million of a total of $55.3 million) are derived from overseas business, the bulk of which (70%) is concentrated in Western Europe. The company markets its products in 38 countries, and of its 43,600 employees in 1969, 29,600 (67.9%) were employed in international operations.

Capital expenditures in 1970, which are expected to be slightly greater than $42.8 million, will be shared about evenly between the U.S. and abroad.

CARRIER CORP.

Carrier Corporation, engaged primarily in the fields of air conditioning, refrigeration, and heating, has a total of 157 distributors and licenses in 121 foreign countries. It has manufacturing subsidiaries in Japan, Malaysia and France. The French subsidiary is undergoing a process of expansion to meet the growth of European markets and the Malaysian subsidiary also increased its output in 1969. Carrier products are also produced in 14 other countries through licensing agreements with independent concerns.

CATERPILLAR

Caterpillar, maker of earthmoving, construction and farm equipment, had sales outside the United States in 1969 of $951.7 million (or 47.5% of consolidated sales). Expenditures for land, buildings, machinery and equipment abroad during the same year were $20.0 million.

Caterpillar has subsidiaires in many countries and it also operates a worldwide network of company-owned warehouses which stock nearly 800 businesses with replacement

parts. The company employed 13,161 workers in other countries in 1969 (20% of its total employees). In addition, it has nine worldwide training centers conducting programs for service mechanics.

CHRYSLER CORP.

This third largest U.S. motor vehicle producer's factory sales of cars and trucks in 1969 totaled 2,446,605 units of which 675,125 (27.6%) were manufactured outside North America. Chrysler has majority-owned and consolidated subsidiaries outside the U.S. and Canada in England, France, Benelux, Australia, South Africa, Spain, Venezuela, the Philippines, Colombia, and Brazil which employ approximately 75,000 people. Net sales of these subsidiaries in 1969 approximated $1.6 billion and net earnings totaled $19.0 million.

One-third of the company's manufacturing, warehouse and other floor space at the end of 1968 was located outside the U.S. and Canada.

CLARK EQUIPMENT CO.

Clark Equipment products are sold overseas through approximately 320 independent distributors located throughout the free world. Total sales outside the U.S. and Canada approximated $234 million in 1969, up 27% from 1968.

The largest overseas market (70% of overseas sales in 1968) for Clark lies in Western Europe; of the over $30 million in net assets held in subsidiaries outside the U.S. and Canada in 1968, 91% were in continental Europe and the United Kingdom. Clark's European operations include wholly-owned industrial truck plants in England, West Germany and France; wholly-owned construction machinery production facilities in England and West Germany; a 25% interest in a French producer of "Michigan" equipment; wholly-owned subsidiaries producing Clark trailers and refrigeration equipment in West Germany; and, a 70% interest in Clark Automotive Europe located in Belgium which supplies Clark subsidiaries, licensees and nonaffiliated producers of off-highway equipment throughout Europe.

CONTINENTAL CAN CO.

Continental Can, which holds a leading position in the container industry, is a multinational corporation serving more than 100 nations. The company has majority interests in firms in Germany, Mexico, Colombia, Austria, and Brazil; minority interests in 26 companies; and licensing agreements with 51 companies. In addition, it has a wholly-owned subsidiary in Canada. Approximately 25% of all Continental plants and employees are located outside the United States.

In 1969, international sales were $312.5 million or 17.6% of total sales, which represents a 120.1% increase over 1968 when international sales accounted for 9.4% of total volume.

CUMMINS ENGINE

Including the United States and Canada, Cummins, leading manufacturer of diesel engines for heavy-duty trucks, has about 2,500 dealers in 98 countries. There are 455 international sales and service outlets. The company claims to have the most extensive international service and distribution network in the business.

There are wholly-owned manufacturing plants in Scotland, Australia, and England. Engines are produced under licensing agreements in India, Germany, Japan and Mexico.

In 1969, foreign sales, which were over $100 million, accounted for 25% of total sales.

DEERE & CO.

Deere is the largest manufacturer of domestic farm equipment and since 1955 it has been engaged in a program of developing manufacturing and distribution activities in major overseas markets. Twenty-eight per cent of its total assets are held outside the U.S. and in 1969 overseas sales represented 18% of total sales.

Deere has manufacturing plants in France, Germany, Spain, South Africa, Iran, Argentina, and Mexico and sales offices in many other countries.

In March of this year, Deere and Co. entered into a joint venture with U.S. and Iranian interests to develop commercial farming on 25,000 acres in Iran. The new company would be 70%-owned by the U.S. interests.

DELTEC INTERNATIONAL

Deltec International is the result of the merger in March 1969 of IPL inc. (formerly International Packers Ltd.), primarily a processor and distributor of meats and meat products, and Deltec International Limited, a multinational holding company primarily engaged in investment banking in Latin America.

In addition to meat products, IPL also products and distributes dairy products, animal feeds and fertilizers, and certain grocery and household products for other manufacturers. It is one of the world's largest such companies and operates principally in the international market—selling in more than 100 countries.

Livestock slaughtering and meat processing facilities are located in Argentina, Brazil, Australia, New Zealand, and the United Kingdom. In addition, the corporation manages a cirus products processor in Canada, operates a Brazilian plant which produces soaps, and owns land suitable for urban development in South America.

FORD MOTOR

Ford Motor, the second largest domestic motor vehicle producer, has, for the past five years, sold more cars and trucks at retail overseas than any other U.S. automotive manufacturer. Factory sales of Ford-built cars and trucks outside the U.S. and Canada in 1969 totaled 1,485,486 units. Sales and net income of consolidated subsidiaries outside North America during the same period were 24% and 29% of the total, respectively.

In 1969, Ford had assets totaling $1,806 million outside Canada and the United States, and of its 436,414 employees worldwide in 1969, 244,840 worked in the U.S.

Wholly-owned Ford of England, Ford of Germany and 81%-owned Ford of Canada are the main foreign subsidiaries, but there are individual national companies located in several other countries and Ford dealers in more than 100 countries throughout the world. No less than 3 new facilities projects are scheduled for completion by Ford around the world in 1970.

GENERAL MOTORS

Total sales of all General Motors products outside the United States and Canada were $3.4 billion in 1969, compared with $3.0 billion in 1968. This figure represents about 9% of consolidated net income in 1969 (7% in 1968).

General Motors operates seven plants in Canada and assembly, manufacturing and warehousing operations in 23 other countries.

Net assets outside the U.S. and Canada totaled over $927.8 million in 1969, up 6.2% over 1968.

W. R. GRACE & CO.

W. R. Grace and Co. is a widely diversified operating and holding company which has expanded into the chemical and food areas.

In Latin America the company engages in paper, chemical, and mining operations. It is involved in a wide range of consumer food products in Europe—a soft drink plant in Holland, ice cream operations in Italy, Denmark and Ireland, and one of its affiliates, Jacques Borel, operates the leading inplant food service organization in France.

In addition, Grace Petroleum has a 24% interest in Raguba Field in Libya.

H. J. HEINZ CO.

H. J. Heinz is a multinational corporation and a leader in both the domestic and foreign food industries. Forty-four percent of its net sales of $790.1 million in 1969 were in foreign markets.

Highlights of the international operations in 1969 included the acquisition of two companies in the United Kingdom, the establishment of a new trading company in Denmark, and the joint formation of a new Portuguese company for vegetable dehydration.

Heinz has facilities in more than 16 countries including the United States and Canada, and net assets outside the U.S. and its possessions totaling over $144 million.

HEWLETT-PACKARD CO.

Hewlett-Packard, the world's largest maker of electronic measuring instruments, markets its products in 121 countries outside the United States. International sales have more than doubled in the last three years and account for one-third of the company's total business.

In dollar volume, international orders amounted to $105 million in 1969.

The three international manufacturing plants (in the United Kingdom, Germany, and Japan) employ more than 1,300 people. In all of Hewlett-Packard's 22 international locations, there were, at the end of 1969, only 13 American employees.

In February of this year, Hewlett-Packard announced plans to establish a facility in Singapore to produce computer core memories.

HONEYWELL, INC.

Honeywell manufactures a wide variety of automatic control instruments and is a leader in the computer industry. In 1969, consolidated sales of the company outside the United States were $287 million, a 23% increase over the previous year. During the same period, overseas employment increased 19%. At year end there were 23,900 employed by Honeywell subsidiaries and affiliates outside the United States.

In 1969 Honeywell added the following to a worldwide chain of subsidiaries and affiliates: a wholly-owned subsidiary in South Africa, joint venture companies in South Africa and Germany, and a leading Canadian photographic equipment distributor.

IBM WORLD TRADE CORP.

IBM World Trade Corporation and its subsidiaries operate manufacturing plants (17), development laboratories (7), sales offices (336), and service bureaus and data centers in 108 countries outside the United States. The corporation had gross revenue of $2.5 billion in 1969, up from $2.0 billion in 1968. Net income rose during the same period from $270.5 million to $397.8 million, a 47% increase.

INTERNATIONAL PAPER

International Paper is the world's largest paper producer and a leading manufacturer of building materials. Owned timberland includes 1,357,000 acres in Canada; and, in addition, leases, contract rights, or government licenses are held on 15,128,000 acres of Canadian forest. Total assets of foreign subsidiaries amounted to $479.3 million at the end of 1969, a 10% increase over 1968.

KAISER ALUMINUM & CHEMICAL

Kaiser Aluminum, an integrated producer, has substantial interests in foreign operations. As one of the three major aluminum producers in the U.S. Kaiser, has in addition to its primary domestic capacity of 710,000 tons yearly, 110,000 tons available from a 90%-owned smelter in Ghana, 81,000 tons available from its share of the Anglesey smelter being built in Wales, and 359,000 tons in place or under construction through its international affiliates in Australia, India, New Zealand, and Germany. Supporting this capacity are extensive Australian and Jamaican bauxite reserves.

Kaiser is also a joint partner in a venture which, in 1969, started production of nickel in New Caledonia.

Two wholly-owned subsidiaries were formed in 1969. The Kaiser Trading Co. deals with international trading of metals, chemicals, ores and other commodities, and the Kaiser Exploration and Mining Co. seeks to find and develop metals and mineral resources. Active exploration is under way in Latin America, Africa and New Zealand as well as the United States.

KIMBERLY-CLARK

This leading producer of paper products had foreign sales in 1969 which represented 20% of total volume and foreign operating profits which were 16% of total. Kimberly-Clark's business outside the United States consists mainly of the manufacture and sale of consumer products and cigarette papers which are sold in over 150 countries.

Rapid growth of overseas business (comparing sales in 1969 to 1968, Japan up over 50%, Mexico 34%, the Philippines over 30%, and England nearly 20%) has resulted in an "unprecedented" period of expansion of Kimberly Clark's foreign manufacturing facilities. New mills are being built in Mexico, Canada, England, West Germany, El Salvador, Colombia, and Thailand.

LITTON INDUSTRIES

Litton is a major producer in the fields of electronic, office equipment, and industrial products; it is also involved in a growing number of services. It is a multinational company with locations in 26 countries around the globe.

In fiscal 1968, Litton, through the Litton International Development Corp., entered into an economic development program with the Greek Government. During the initial three and a half years, Litton will implement programs with a total value of $240 million, to be raised from international development sources, for use in Greece. Litton is planning similar projects in other countries.

LOCKHEED AIRCRAFT

Lockheed, a broad-based areospace firm, had sales recorded by the Lockheed Group of International Companies' four domestic and 22 foreign subsidiaries in international ventures of $28 million in 1969. This figure includes only one month of sales by Aviquipo, a prominent aerospace parts export firm with a sales volume of about $20 million a year, which was acquired through exchange of stock by Lockheed in December 1969. Aviquipo has 15 branches with offices in 26 cities including the Far and Middle East, Latin America, and Europe.

Germany in 1969 announced 50 more F-104Gs will be built there by Lockheed. Among investments held abroad are interests in a Bolivian tin mine, an Italian aircraft manufacturer, and an Australian finance company.

M'DONNELL DOUGLAS CORP.

McDonnell Douglas is an aerospace corporation which manufactures military aircraft, commercial jetliners, missiles and space systems. F-4 military aircraft are currently being fabricated for several friendly nations, and the Navy A-4 model is being built for the Argentine government.

Japanese production of the Nike Hercules missile by Mitsubishi Industries Ltd. is being aided by a technical assistance team from McDonnell Douglas.

MARCONA CORP.—SUBSIDIARY OF CYPRUS MINES

Marcona, which is 46%-owned by Cyprus Mines, is engaged, through its subsidiaries, in iron ore mining in Peru, salt mining in Chile, marketing of these commodities, and international transportation of these and other basic raw materials.

Earnings in 1968 totaled $18.2 million and of the total shipments during that year, 82% went to Japan and the balance to buyers in Europe, South America, and the United States.

NATIONAL BISCUIT CO.

National Biscuit Company is by far the largest special baker in the United States. Internationally, there has been a steady growth of Nabisco operations. Sales outside the U. S. increased to $184.2 million (or 25% of the total), in 1969, from $170.2 million (22%) in 1968.

In September 1969 a new biscuit and cracker bakery was opened near Milan, Italy, while one is under construction in Montreal. New sales and delivery branches were opened in England, Germany, Italy, Mexico, Spain, and Venezuela during 1969.

In December 1969 Nabisco established a joint venture in Japan to market biscuits, chocolate and candy, and in March of this year it formed an association with Xox Biskuitfabrik, GmbH, a major West German biscuit producer.

PEPSICO

Primarily a manufacturer of soft drinks, syrups and concentrates, this company also produces a wide variety of snack foods (Frito-Lay) and is a common carrier of household goods (North American Van Lines).

PepsiCo has 500 franchised bottlers (exclusive of 31 operated by Pepsi Cola subsidiaries) in 116 foreign countries and territories. International beverage sales are about one-third of total volume of beverage sales. International snack sales are small; however, in the last two years dollar volumes of PepsiCo International Snack sales has tripled. North American Van Lines subsidiary has also expanded its overseas operations in Europe and Africa as well as Canada. It now operates four facilities in West Germany.

PFIZER INC.

This large ethical drug company derives a substantial portion of its sales from abroad. In 1969 it had net sales of $805.8 million which were geographically distributed as follows: U.S. 54%, U.K. and Europe 21%, Asia and Oceania 12%, Canada and Latin America 11%, and Africa 2%. Domestic sales in 1969 rose 9.6% over 1968, while foreign sales rose 12.7%, and the earnings of foreign subsidiaries in the same year were 51% of net income.

Pfizer has a work force of some 32,000 men and women, of whom more than 20,000 are employed abroad in a network of 58 production plants in 31 countries. More than 99% of these employees are nationals of countries other than the United States. Sales offices are located in over 75 countries.

QUAKER OATS CO.

Quaker Oats, while best known for its cereal and pet food lines, has directed its resources into rapidly growing nonfood areas including specialty chemicals and toys.

Sales outside the U.S. totaled $106 million in 1968-9 (19% of the total). In June 1969, net assets were located and values as follows: U.S. and Canada $176.3 million; Europe and Australia $14.9 million; and, Latin America $4.4 million.

Plants of foreign subsidiaries are located in Canada, England (December 1969, the company acquired the leading dry cat food producer in the United Kingdom for cash), Denmark, The Netherlands, Brazil, Mexico, Argentina, Colombia, Venezuela, Belgium, and Australia.

THE SINGER CO.

The Singer Company, with worldwide sewing machines operations, has recently diversified through a number of acquisitions.

In 1969, Singer accounted for 20%-25% of all sewing machines sold outside the United States. Most production is accomplished overseas and sales are made through 5,200 Singer Centers throughout the world.

In 1968, sales outside the U.S. accounted for one-third of total sales or $539.2 million. Of this total, sales of consumer products alone outside the U.S. were $428.7 million or 55.8% of the total volume in consumer products. During the same year, Singer had foreign assets of $334.2 million held mostly in Europe.

SPERRY RAND CORP.

Sperry Rand is a broadly diversified manufacturing enterprise which derived 29% ($463 million) of its 1969 sales from international markets. Total assets in 27 countries outside the United States as of March 31, 1970, were $452 million.

UNIVAC's international business is growing at a higher rate than domestic operations. UNIVAC's business in large-scale computer systems among major commercial organizations included installations at Toyota and Fuji (Japan); Fiat (Italy); Otto Versand (Germany); and, Mitsubishi (Japan). A new manufacturing facility was just opened in Japan and a Program Research and Development Center organized in London. During 1969, new subsidiaries were organized in Austria and Spain.

Other international operations include British and German facilities which produce hydraulic equipment, a Belgian factory that manufactures combines, and a new trading company which was recently formed to market "New Holland" farm equipment in Japan.

STANDARD OIL CO., NEW JERSEY

Standard Oil (New Jersey) is the world's leading petroleum enterprise, deriving 29% of earnings from the Western Hemisphere outside the United States and 19% from Eastern Hemisphere operations in 1969. Jersey's interests span the globe, with production and/or exploration in 31 countries, refining in 37, and marketing in more than 100.

Of the Company's gross worldwide crude oil and natural gas production in 1969, 20% came from the United States, 3% from Canada, 34% from Latin America, and 43% from the Eastern Hemisphere.

Total assets employed at December 31, 1969, other than in the United States, amounted to $10,113 million. In 1969 additional investments in property, plant, and equipment in foreign subsidiaries totaled $1,039 million.

TEXAS INSTRUMENTS

Texas Instruments is a leading producer of semiconductor products and has important representation in other areas of the electronics industry.

Overseas sales are becoming increasingly important to TI, with this area contributing 28% of total sales in 1969. Especially significant is the fact that semiconductor sales in Europe during 1969 grew at a faster rate than in the United States.

In 1969 Texas Instruments began production shipments of integrated circuits from new plants in Singapore, Taiwan, and Japan.

Geophysical Service Inc., a TI subsidiary, lead the geophysical exploration industry in 1969 with major activity in Alaska, Libya, and the Far East. TI's geophoto subsidiaries are exploring for minerals in Canada and Australia.

XEROX CORP.

International operations of this leader in the copier industry accounted for 27% of 1969 revenues. Xerox's overseas marketing is served by Rank-Xerox a 50%-owned British affiliate and Fuji-Xerox its 50%-owned affiliated company in Japan. In addition, there are 19 subsidiary companies throughout Latin America.

Xerox has, as units of its Educational Division, three foreign subsidiaries: Everyweek Educational Press Limited and University Microfilms Limited located in England, and Centro de Copiado Electronico, S. A. in Mexico.

UNILEVER

Unilever Limited and Unilever N. V., in combination with 120 operating subsidiaries, operate the world's sixth largest industrial enterprise. The Unilever Group has extensive interests in more than 50 countries in

the margarine, detergent, food, animal feed, and chemical industries.

In 1968 Unilever sales had a geographic breakdown as follows: (1) Europe 63%; (2) North and South America 15%; (3) Africa 14%; (4) rest of world 8%. Europe accounted for two-thirds of both the capital employed and the profits in 1968, the Americas 13%, Africa 13%, and the remainder 8% in both categories.

In 1970 total sales are expected to exceed $6.0 billion.

UNITED AIRCRAFT

United Aircraft is the largest producer of aircraft engines and is active in many other aerospace fields. Approximately 50 foreign airlines employ Pratt & Whitney engines.

United Aircraft of Canada, 90.6%-owned, produces several turbine engines and spare parts for Pratt & Whitney. In addition, United Aircraft has licensees throughout the world.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. According to the previous order, there will now be a period for the transaction of routine morning business.

JOSEPH McCAFFREY ON CONCENTRATION OF ECONOMIC POWER

Mr. MANSFIELD. Mr. President, one of the most competent and outstanding commentators on the Washington scene—in my belief he should be a national commentator, he is so outstanding—is Joseph McCaffrey, who broadcasts over WMAL–TV in Washington, D.C.

Joe McCaffrey does not waste words. He tries to see all sides of a subject. He is the one broadcaster that I make it a point to listen to at all times when it is possible to do so.

I ask unanimous consent that a very pithy and pointed commentary by Joseph McCaffrey relative to monopolies and their possible controls, which makes reference to a proposal (S. Res. 426) introduced by my distinguished colleague from Montana (Mr. METCALF), be printed in the RECORD at this point.

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

COMMENTARY OF JOSEPH MCCAFFREY

One of the reasons, if not the main reason behind the youth revolt we are witnessing today is bigness, beginning with big government. But challenging the bigness of government is the concentration of private economic power. This concentration is a concern today of both liberals and conservatives, and it is threatening to stifle the very system which created and nutured it. An Assistant Secretary of Treasury, Murray Weidenbaum, says there has to be a reduction of this concentration of economic power, a reference to powerful unions and companies who can push wages and prices up without regard to actual market conditions.

Long before the Assistant Secretary spoke up, Montana's Democratic Senator Lee Metcalf had introduced in the Senate Resolution #426. This would establish a special committee to investigate economic and financial concentration. An earlier Federal Trade Commission study said, "In unprecedented fashion the current merger movement is centralizing and consolidating corporate control and decision-making among a relatively few vast companies. By the end of 1968 the two hundred largest industrial corporations controlled over sixty percent of the total assets held by all manufacturing corporations."

We are in danger of being stifled and controlled by monopolies.

The 92nd Congress could well make a study of this concentration its number one priority.

COMMUNICATION FROM EXECUTIVE DEPARTMENT

The ACTING PRESIDENT pro tempore (Mr. METCALF) laid before the Senate the following letter, which was referred as indicated:

SECRET DOCUMENT FROM THE DEPARTMENT OF STATE

A letter from the Assistant Secretary of State, transmitting, pursuant to law, a secret document involving chemicals (with an accompanying document); to the Committee on Armed Services.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 1035. A bill for the relief of certain postal employees at the Elmhurst, Ill., Post Office (Rept. No. 91–1411);

S. 3168. A bill for the relief of Daniel H. Robbins (Rept. No. 91–1412);

H.R. 2214. An act for the relief of the Mutual Benefit Foundation (Rept. No. 91–1404);

H.R. 2477. An act for the relief of Comdr. John N. Green, U.S. Navy (Rept. No. 91–1405);

H.R. 4634. An act for the relief of Lawrence Brink and Violet Nitschke (Rept. No. 91–1406);

H.R. 7267. An act to require the Foreign Claims Settlement Commission to reopen and redetermine the claim of Julius Deutsch against the Government of Poland, and for other purposes (Rept. No. 91–1407);

H.R. 7830. An act for the relief of James Howard Giffin (Rept. No. 91–1408);

H.R. 9488. An act for the relief of Mrs. Ruther Brunner (Rept. No. 91–1409);

H.R. 10153. An act for the relief of Frances von Wedel (Rept. No. 91–1403); and

H.R. 14684. An act for the relief of the State of Hawaii (Rept. No. 91–1410).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 106. A bill for the relief of Waldemar E. Kunstmann (Rept. No. 91–1413).

REPORT ENTITLED "NATIONAL PROGRAM FOR THE CONQUEST OF CANCER"—REPORT OF A COMMITTEE—EXTENSION OF TIME FOR FILING OF REPORT (S. REPT. NO. 91–1402)

Mr. KENNEDY (for Mr. YARBOROUGH) submitted a report of the National Panel of Consultants on the Conquest of Cancer, pursuant to Senate Resolution 376.

(The remarks of Mr. KENNEDY when he submitted the report appear later in the RECORD.)

BILLS INTRODUCED

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

By Mr. BOGGS:

S. 4563. A bill to prevent reductions under title 5, United States Code, in the classification and reclassification of positions of certain technicians; to the Committee on Post Office and Civil Service.

(The remarks of Mr. BOGGS when he introduced the bill appear below under the appropriate heading.)

By Mr. YARBOROUGH:

S. 4564. A bill to establish a National Cancer Authority in order to conquer cancer at the earliest possible date; to the Committee on Labor and Public Welfare.

(The remarks of Mr. YARBOROUGH when he introduced the bill appear below under the appropriate heading.)

S. 4563—INTRODUCTION OF A BILL TO PREVENT REDUCTIONS UNDER TITLE 5, UNITED STATES CODE, IN THE CLASSIFICATIONS AND RECLASSIFICATIONS OF POSITIONS OF CERTAIN TECHNICIANS

Mr. BOGGS. Mr. President, in 1968 with passage of the National Guard Technician Act—Public Law 90–486—all National Guard technician personnel became Federal employees. This conversion of status was effective on January 1, 1969.

As a result the National Guard Bureau was charged with the task of reclassifying all technician positions to conform with U.S. Civil Service Commission standards. The majority of these technician positions have now been reclassified. Of the total of 41,669 positions, 3,726 were upgraded and 5,574 were downgraded. The remainder were unchanged.

Another 9,429 technicians have not yet been reclassified pending job audits or issuance of new classification standards.

Although the 1968 change of status law also included a permanent save-pay provision for all individuals downgraded, those whose positions have been reclassified downward have suffered a severe setback professionally.

Those downgradings have lowered the morale of the National Guard technicians considerably. I have received a number of letters from National Guard technicians strongly urging that they be allowed to remain at their present positions levels. I know National Guard technicians do much beyond the job descriptions included in the civil service classification schedule.

Therefore, with the cooperation of the National Guard Bureau I have drafted and am now introducing legislation which would prohibit the downgrading of positions held by those technicians presently employed by the National Guard.

This legislation would affect only the incumbent National Guard technicians and would not apply to any new technicians. It is, in effect, simply a "grandfather clause" designed to correct an inequity suffered by some 5,500 technicians. New technicians would be hired at the levels determined by the reclassification orders. Their positions would be saved only for the period that they personally hold those positions.

Passage of this legislation would restore the high morale that all National Guard technicians in all of the States had prior to the downgradings.

Mr. President, I ask unanimous consent that the bill be printed in full at this point in the RECORD.

The ACTING PRESIDENT pro tempore (Mr. METCALF). The bill will be received and appropriately referred; and,

without objection, the bill will be printed in the RECORD.

The bill (S. 4563) to prevent reductions under title 5, United States Code, in the classification and reclassification of positions of certain technicians, introduced by Mr. BOGGS, was received, read twice by its title, referred to the Committee on Post Office and Civil Service, and ordered to be printed in the RECORD, as follows:

S. 4563

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the classification and reclassification under chapters 51 and 53 of title 5, United States Code, of positions occupied by technicians employed under authority of section 709 of title 32, United States Code, any such position shall not be classified or reclassified, as long as an individual occupying that position immediately prior to the date of enactment of this Act remains in that position, at a grade level which is less than the same or equivalent grade level occupied by that individual on such date. The Civil Service Commission shall not approve any classification or reclassification made in violation of the preceding sentence. A technician occupying such a position is entitled to step increases and other increases in compensation authorized by law.

S. 4564—INTRODUCTION OF A BILL TO BE CITED AS THE "CONQUEST OF CANCER ACT"

Mr. YARBOROUGH. Mr. President, I introduce for appropriate reference a bill which would establish a National Cancer Authority for the purpose of devising and implementing a national program for the conquest of the world's most dreaded disease—cancer.

During my years in public service I always have been guided by the principle so eloquently stated by Thomas Jefferson that—

> The care of human life and happiness and not their destruction, is the first and only legitimate object of good government.

In this faith, I have been honored with the opportunity during the last 13 years, to have been directly associated with many of the landmark pieces of social legislation which have contributed so much to bettering the quality of life for the people of America. Indeed I have had some part in virtually all health and education legislation in the period. For this privilege, I am grateful. And in these final days of my service in the Senate, I again have been accorded the privilege of presenting to my colleagues a bill which I firmly believe is destined to occupy a significant place in the legislative history of this country. This bill, which is the product of the tireless efforts of many devoted men and women, in government and private life, will provide the mechanism and the means for the final assault against cancer.

Since the very beginning of medical history, cancer and its causes have provided the world with a terrible and baffling puzzle. Cancer cannot be neatly classified as a single disease arising from a clearly discernible set of facts and conditions. On the contrary, it is a many-headed monster that results from a myriad of causes. It recognizes no social distinction. Rather it strikes indiscriminately at all ages and races, at all economic and social groups.

We know that of the 204 million people presently living in America, over 51 million will develop some form of cancer and of this group, more than 34 million will die unless a cure is soon discovered. The National Cancer Institute and American Cancer Society estimate that about 330,000 Americans will die from cancer during this year. This means that every 2 minutes cancer takes the life of one of our people. Approximately one-half of cancer's victims are under the age of 65. Cancer kills more children between the ages of 1 and 15 years of age than any other disease known to mankind. In short, cancer causes approximately 16 percent of all the deaths in America, thus making it the Nation's second most deadly killer, exceeded only by heart disease.

Despite the threat that cancer poses to our people, an examination of what our Government spends on cancer research in comparison to other types of programs, clearly shows a distorted set of priorities. For example, cancer killed eight times as many of our people last year as were lost in the Vietnam war over the past 6 years, yet our Government spent on the average of $410 per person for national defense while spending only 89 cents per person on cancer research. Last year our Government spent $200 million on cancer research which is equal to the amount that Americans spent for ballpoint pens and far below the $358 million spent on chewing gum. As shocking as it may seem, we were willing to spend nearly $40 billion last year to finance death in Vietnam and only $4 per cancer victim to find a cure for their misery. Faced with these shocking facts, it is time that all of us in positions of leadership to ask ourselves whether we are really fulfilling our duty to the people who elected us.

Despite the lack of sufficient funds and Government attention, some really meaningful progress has been achieved in the area of cancer cure. Working with meager funds and little recognition the men and women of our scientific community have succeeded in improving the rate of cure from one out of every five victims as it was in the 1930's, to one out of every three cases today. Furthermore, there is no reason why this ratio could not be brought to one out of every two if the necessary funds and encouragement were provided to our research scientists so that better application could be made of present knowledge. This bill which I introduce today is designed to accomplish this goal.

As I mentioned, this bill is not a product of any one person, rather it is the result of the combined work and experience of many dedicated people. Its origin is traceable to Senate Resolution 376 which I introduced in March 1970 and which was cosponsored by 53 Senators of both parties. This resolution authorized the Senate Labor and Public Welfare Committee to appoint and obtain the assistance of an advisory committee in order to report to the Senate on the present status of cancer research and what action should be taken to aid our research scientists in discovery of the causes and cures of cancer. This resolution passed the Senate on April 27, 1970. In June 1970, acting on behalf of the Senate and its Health Subcommittee, I appointed a National Panel of Consultants composed of 26 distinguished Americans with Mr. Benno C. Schmidt, of New York, as Chairman and Dr. Sidney Farber as Cochairman. The other members of this committee are:

Mr. I. W. Abel, Mr. William McC. Blair, Jr., Mr. Elmer Bobst, Dr. Joseph Burchenal, Dr. R. Lee Clark, Dr. Paul B. Cornely.

Mr. Emerson Foote, Mr. G. Keith Funston, Dr. Solomon Garb, Mrs. Anna Rosenberg Hoffman, Dr. James F. Holland, Dr. William B. Hutchinson.

Dr. Henry S. Kaplan, Dr. Mathilde Krim, Mrs. Mary Wells Lawrence, Dr. Joshua Lederberg, Mr. Emil Mazey, Mr. Michael J. O'Neill.

Mr. Jubal R. Parten, Mr. Laurence S. Rockefeller, Dr. Jonathan E. Rhoads, Dr. Harold P. Rusch, Dr. Wendell G. Scott, Mr. Lew Wasserman.

This Panel was charged with the responsibility of investigation of the status of cancer research and reporting its findings and recommendations to the Senate at the earliest possible date. These men and women, coming from different backgrounds and representing various segments of our society, were bound together in common faith that we can eliminate cancer from our society if we are willing to devote time, the energy, and the resources to such a goal.

Through this faith, these fine Americans have worked long and diligently and recently submitted part I of their report to the Senate. In this segment of the report the Panel points out that to conquer cancer it is imperative that our Government undertake a national coordinating program. The Panel recognized that the National Cancer Institute had done a great deal of important work with very limited budget but that it was not structured to carry out a program of the magnitude that is needed to accomplish the job. Therefore, the Panel has recommended the establishment of a new independent agency which would be responsible for development and administration of a systematic attack on cancer and which would be adequately funded by the Congress.

Based on these recommendations, the Conquest of Cancer Act would:

First. Establish an independent agency to be known as the National Cancer Authority. This agency would be directed by an Administrator and Deputy Administrator appointed by the President, with the advice and consent of the Senate, for terms of 5 years.

Second. Transfer to the National Cancer Authority all of the functions of the National Cancer Institute.

Third. Charge the National Cancer Authority with the responsibilities of conducting research and utilizing existing research facilities in the search for a cure for cancer, encouraging and coordinating career research conducted by industrial concerns, giving support to scientific projects being conducted by recognized foreign experts in the field of cancer research centers and establishing new ones, collecting, analyzing, and disseminating to the scientific community and the general public all current information regarding the prevention, diagnosis, and treatment of cancer and estab-

lishing and supporting the production of biological research materials.

Fourth. Establish a National Cancer Advisory Board of 18 members, nine scientists or physicians, and nine representatives of the general public appointed by the President, with advice and consent of the Senate. This Board will be responsible for submitting to the President and the Congress a yearly report on the progress and accomplishments of the National Cancer Authority.

Most importantly, to demonstrate to the American people and the rest of the world that we are in fact dedicated to the conquest of cancer, it is imperative that we authorize $400 million to begin research in this area immediately, and increase this amount up to $1 billion a year as soon as possible.

The proposals in this bill are sound and workable. The funds called for are modest in comparison with the need for them. But there will undoubtedly be those persons both within and outside the Government who will try to block this proposal by spreading the myth that our Government is spending enough money on cancer research now and that this bill is inflationary. To these champions of false economy, I ask these simple questions: Is there any price too high to pay for a world free of the menace of cancer? Can you place a dollar value on human life? It is my belief that every life that is saved will more than justify these modest expenditures. Our scientists have told us that a cure for cancer is within our grasp if we are but bold enough to take the steps necessary to reach it. We have the resources available to do the work. All that is necessary is the commitment. My colleagues, I regret to think how harshly history will judge us if we do not act now to save future generations from this dread disease.

In offering this bill, I realize that in all probability I shall not see it completed before the end of my service in the Senate. However, within this body there are men of courage and conviction of both parties who I know will step forward and take up my work and see it through to its completion. To these colleagues, I pledge my continued efforts both in the Senate and as a private citizen to accomplish the goals set forth in this legislation.

Mr. President, this is a time for action. A time to make our vision of a world free of cancer become a reality. We must never lose sight of this vision because as the prophets of old have warned us: "Where there is no vision, the people perish."

Therefore, I call on all my colleagues to put aside partisan considerations and join with me in this great crusade.

Mr. President, I ask unanimous consent that this bill be printed in full at this point in the RECORD.

The PRESIDING OFFICER (Mr. BYRD of Virginia). The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 4564) to establish a National Cancer Authority in order to conquer cancer at the earliest possible date, introduced by Mr. YARBOROUGH, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

S. 4564

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

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress hereby finds and declares—

(1) that the incidence of cancer is increasing and is the major health concern of the American people;

(2) that the attainment of better methods of prevention, diagnosis, and cure of cancer deserve the highest priority; and

(3) that a great opportunity is offered as a result of recent advances in the knowledge of this dread disease to conduct energetically a national program for the conquest of cancer.

(b) In order to carry out the policy set forth in this Act it is the purpose of this Act to establish, as an independent agency of the United States, the National Cancer Authority.

NATIONAL CANCER AUTHORITY ESTABLISHED

SEC. 3. (a) There is hereby established an independent agency within the executive branch of the Federal Government to be known as the National Cancer Authority, having as its objective the conquest of cancer at the earliest possible time.

(b) The Authority shall be headed by an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of five years. There shall be in the Authority a Deputy Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of five years. The Deputy Administrator shall perform such functions as the Administrator may prescribe and shall be the Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in the position of Administrator. Upon the expiration of his term, the Administrator shall continue to serve until his successor has been appointed and has qualified.

(c) The President, by and with the advice and consent of the Senate, is authorized to appoint within the Authority not to exceed five Assistant Administrators.

TRANSFERS FROM THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SEC. 4. (a) All officers, employees, assets, liabilities, contracts, property, and resources as are determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function of the National Cancer Institute, and except as otherwise specifically provided in section 10, with any function of the National Cancer Advisory Council, are hereby transferred to the National Cancer Authority.

(b) (1) Except as provided in paragraph (2) of this subsection, personnel engaged in functions transferred under this Act shall be transferred in accordance with applications and regulations relating to transfer of functions.

(2) The transfer of personnel pursuant to subsection (a) shall be without reduction in classification or compensation for one year after such transfer.

(c) The National Cancer Institute and the National Cancer Advisory Council shall lapse.

TRANSFER OF FUNCTIONS

SEC. 5. There are hereby transferred to the Administrator all functions of the Secretary of Health, Education, and Welfare—

(1) with respect to and being administered by him through, or in cooperation with, the National Cancer Institute and the National Cancer Advisory Council.

(2) under title IX of the Public Health Service Act relating to education, research, training, and demonstration in the field of cancer.

FUNCTIONS OF THE AUTHORITY

SEC. 6. In order to carry out the purpose of this Act, the Authority shall—

(1) carry out all research activities previously conducted by the National Cancer Institute, together with an expanded, intensified, and coordinated cancer research program;

(2) expeditiously utilize existing research facilities and personnel for accelerated exploration of the opportunities for a cancer cure in areas of special promise;

(3) encourage and coordinate cancer research by industrial concerns where such concerns evidence a particular capability for such research;

(4) strengthen existing comprehensive cancer centers, and establish new comprehensive cancer centers as needed in order to carry out a multidisciplinary effort for clinical research and teaching, and for the development and demonstration of the best methods of treatment in cancer cases;

(5) collect, analyze, and disseminate all data useful in the prevention, diagnosis, and treatment of cancer for professionals and for the general public;

(6) establish or support the large-scale production of specialized biological materials for research, including viruses, cell cultures, and animals, and set standards of safety and care for persons using such materials; and

(7) support research in the cancer field outside the United States by highly qualified foreign nationals, collaborative research involving American and foreign participants and the training of American scientists abroad and foreign scientists in the United States.

ADMINISTRATIVE PROVISIONS

SEC. 7. (a) The Administrator is authorized, in carrying out his functions under this Act, to—

(1) appoint and fix the compensation of personnel of the Authority in accordance with the provisions of title 5, United States Code, except that (A) to the extent the Adminstrator deems such action necessary to the discharge of his functions under this Act, he may appoint not more than two hundred of the scientific, professional, and administrative personnel of the Authority without regard to provisions of such title relating to appointments in the competitive service, and may fix the compensation of such personnel, without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to pay rates, not in excess of the highest rate paid for GS-18 of the General Schedule under section 5332 of title 5 of such Code; (B) to the extent that the Administrator deems is necessary to recruit specially qualified scientific and professionally qualified talent he may establish the entrance grade for scientific and professional personnel without previous service in the Federal Government at a level up to two grades higher than a grade provided such personnel under the provisions of title 5 of such Code governing appointments in the Federal service, and fix their compensation accordingly;

(2) make, promulgate, issue, rescind, and amend rules and regulations as may be necessary to carry out the functions vested in him or in the Authority and delegate authority to any officer or employee under his direction or his supervision;

(3) acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain comprehensive cancer centers, laboratories, research and other necessary facilities and equipment, and related accommodations as may be necessary, and such other real or personal property (including patents) as the Administrator deems necessary; to acquire by lease

or otherwise through the Administrator of General Services, buildings or parts of buildings in the District of Columbia or communities located adjacent to the District of Columbia for the use of the Authority for a period not to exceed ten years without regard to the Act of March 3, 1877 (40 U.S.C. 34);

(4) employ experts and consultants in accordance with section 3109 of title 5, United States Code;

(5) appoint one or more advisory committees composed of such private citizens and officials of Federal, State, and local governments as he deems desirable to advise him with respect to his functions under this Act;

(6) utilize, with their consent, the services, equipment, personnel, information, and facilities of other Federal, State, and local public agencies with or without reimbursement therefor;

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

(8) accept unconditional gifts or donations of services, money or property, real, personal, or mixed, tangible or intangible;

(9) without regard to section 529 of title 31, United States Code, to enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of his functions, with any public agency, or with any person, firm, association, corporation, or educational institution, and make grants to any public agency or private nonprofit organization;

(10) allocate and expend, or transfer to other Federal agencies for expenditure, funds made available under this Act as he deems necessary, including funds appropriated for construction, repairs, or capital improvements; and

(11) take such actions as may be required for the accomplishment of the objectives of the Authority.

(b) Upon request made by the Administrator each Federal agency is authorized and directed to make its services, equipment, personnel, facilities, and information (including suggestions, estimates, and statistics) available to the greatest practicable extent consistent with other laws to the Authority in the performance of its functions with or without reimbursement.

(c) Each member of a committee appointed pursuant to paragraph (5) of subsection (a) of this section who is not an officer or employee of the Federal Government shall receive an amount equal to the maximum daily rate prescribed for GS–18 under section 5332 of title 5, United States Code, for each day he is engaged in the actual performance of his duties (including traveltime) as a member of a committee. All members shall be reimbursed for travel, subsistence, and necessary expenses incurred in the performance of their duties.

SAVINGS PROVISIONS

SEC. 8. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses and privileges—

(1) which have been issued, made, granted, or allowed to become effective in the exercise of functions which are transferred under this Act, by (A) any agency or institute, or part thereof, any functions of which are transferred by this Act, or (B) any court of competent jurisdiction; and

(2) which are in effect at the time this Act takes effect, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Administrator, by any court of competent jurisdiction, or by operation of law.

(b) The provisions of this Act shall not affect any proceedings pending at the time this section takes effect before any agency or institute, or part thereof, functions of which are transferred by this Act; but such proceedings to the extent that they relate to functions so transferred, shall be continued under the Authority. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed by the Administrator, by a court of competent jurisdiction, or by operation of law.

(c)(1) Except as provided in paragraph (2)—

(A) the provisions of this Act shall not affect suits commenced prior to the date this section takes effect, and

(B) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted.

No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any agency or institute, or part thereof, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any agency or institute, or part thereof, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act. Causes of actions, suits, or other proceedings may be asserted by or against the United States or such official of the Authority as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter an order which will give effect to the provisions of this subsection.

(2) If before the date on which this Act takes effect, any agency or institute, or officer thereof in his official capacity, is a party to a suit, and under this Act—

(A) such agency or institute, or any part thereof, is transferred to the Administrator, or

(B) any function of such agency, institute, or part thereof, or officer is transferred to the Administrator, then such suits shall be continued by the Administrator (except in the case of a suit not involving functions transferred to the Administrator, in which case the suit shall be continued by the agency, institute, or part thereof, or officer which was a party to the suit prior to the effective date of this Act).

(d) With respect to any function transferred by this Act and exercised after the effective date of this Act, reference in any other Federal law to any agency, institute, or part thereof, or officer so transferred or functions of which are so transferred shall be deemed to mean the Authority or officer in which such function is vested pursuant to this Act.

(e) In the exercise of the functions transferred under this Act, the Administrator shall have the same authority as that vested in the agency or institute, or part thereof, exercising such functions immediately preceding their transfer, and his actions in exercising such functions shall have the same force and effect as when exercised by such agency or institute, or part thereof.

REPORTS

SEC. 9. (a) The Administrator shall, within one year after the date of his appointment, prepare and submit to the President for transmittal to the Congress a report containing a comprehensive plan for a national program designed to conquer cancer at the earliest possible time together with appropriate measures to be taken, time schedules for the completion of such measures, and cost estimates for the major portions of such plan.

(b) The Administrator shall, as soon as practicable after the end of each calendar year, prepare and submit to the President for transmittal to the Congress a report on the activities of the Authority during the preceding calendar year.

NATIONAL CANCER ADVISORY BOARD

SEC. 10. (a) There is hereby established in the Authority a National Cancer Advisory Board to be composed of eighteen members appointed by the President, by and with the advice and consent of the Senate. Nine of the members of the Board shall be scientists or physicians and nine shall be representative of the general public. Members shall be appointed from among persons, who by virtue of their training, experience, and background are exceptionally qualified to appraise the programs of the Authority. The Administrator shall be an ex officio member of the Board.

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

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

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

(c) The Board shall biannually elect one of the appointed members to serve as Chairman for a term of two years.

(d) The Board shall meet at the call of the Chairman but not less than four times a year and shall advise and assist the National Cancer Authority in the development and execution of the program.

(e) The Administrator of the Authority shall designate a member of the staff of the Authority to act as Executive Secretary of the Board.

(f) The Board may hold such hearings, take such testimony, and sit and act at such times and places as the Board deems advisable to investigate programs and activities of the Authority.

(g) The Board shall submit a report to the President for transmittal to the Congress not later than January 31 of each year on the progress of the Authority toward the accomplishment of its objectives.

(h) The Board shall supersede the existing National Advisory Cancer Council, and the members of the Council serving on the effective date of this Act shall serve as additional members of the Board for the duration of their present terms, or for such shorter duration as the President may prescribe.

(i) Members of the Board who are not officers or employees of the United States shall receive compensation at rates not to exceed the daily rate prescribed for GS–18 under section 5332, title 5, United States Code, for each day they are engaged in the actual performance of their duties, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as the expenses authorized by section 5703, title 5, United States Code, for persons in the Government service employed intermittently.

(j) The Administrator shall make available to the Board such staff, information, and other assistance as it may require to carry out its activities.

COMPENSATION OF THE ADMINISTRATOR, THE DEPUTY ADMINISTRATOR, AND THE ASSISTANT ADMINISTRATORS

SEC. 11. (a) Section 5313 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(20) Administrator, National Cancer Authority.".

(b) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(56) Deputy Administrator, National Cancer Authority.".

(c) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(94) Assistant Administrators, National Cancer Authority (five).".

DEFINITIONS

SEC. 12. For the purposes of this Act—

(1) "Administrator" means the Administrator of the National Cancer Authority.

(2) "Authority" means the National Cancer Authority;

(3) "Board" means National Cancer Advisory Board;

(4) "comprehensive cancer center" means such cancer research facilities as the Administrator determines are appropriate to carry out the purposes of this Act, including laboratory and research facilities and such patient care facilities as are necessary for the development and demonstration of the best methods of treatment of patients with cancer, but does not include extensive patient care facilities not connected with the development of and demonstration of such methods;

(5) "construction" includes purchase or lease of property; design, erection, and equipping of new buildings; alteration, major repair (to the extent permitted by regulations), remodeling and renovation of existing buildings (including initial equipment thereof); and replacement of obsolete, built-in (as determined in accordance with regulations) equipment of existing buildings;

(6) "function" includes power and duty;

(7) "Federal agency" means any department, agency, or independent establishment of the executive branch of the government including any wholely owned government corporation.

AUTHORIZATION OF APPROPRIATIONS

SEC. 13. For the purpose of carrying out any of the programs, functions, or activities authorized by this Act, there are authorized to be appropriated for each fiscal year such sums as may be necessary.

EFFECTIVE DATE

SEC. 14. (a) This Act, other than this section, shall take effect sixty days after its date of enactment or on such prior date after the enactment of this Act as the President shall prescribe and publish in the Federal Register.

(b) Notwithstanding subsection (a), any of the officers provided for in subsections (b) and (c) of section 3 may be appointed in the manner provided for in this Act, at any time after the date of enactment of this Act. Such officers shall be compensated from the date they first take office, at the rates provided for in this Act. Such compensation and related expenses of their offices shall be paid from funds available for the functions to be transferred to the Authority pursuant to this Act.

ADDITIONAL COSPONSORS OF A RESOLUTION

SENATE RESOLUTION 486

At the request of the Senator from Kansas (Mr. DOLE), the Senator from Iowa (Mr. MILLER), the Senator from Rhode Island (Mr. PASTORE), and the Senator from New Mexico (Mr. ANDERSON) were added as cosponsors of Senate Resolution 486, relating to the joint Army-Air Force effort to liberate American prisoners of war held captive by North Vietnam.

INDEPENDENT OFFICES AND DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT APPROPRIATION BILL, 1971—AMENDMENT

AMENDMENT NO. 1094

Mr. JAVITS submitted an amendment, intended to be proposed by him, to the bill (H.R. 19330) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, offices, and the Department of Housing and Urban Development for the fiscal year ending June 30, 1971, and for other purposes, which was ordered to lie on the table and to be printed.

NOTICE OF HEARINGS ON INTERGOVERNMENTAL BILL, S. 3067

Mr. METCALF. Mr. President, I wish to announce that the Subcommittee on Intergovernmental Relations, Committee on Government Operations, will hold hearings December 8, 9, and 10, on S. 3067, a bill to provide for consumer, labor, and small business representation on advisory committees to the Office of Management and Budget under the Federal Reports Act.

The measure, among other things, provides that all materials, minutes, and other information of the advisory committees shall be available for public inspection, and that conspicuous public notice shall be given to persons interested in the business of the committees.

In addition to receiving comments on S. 3067, the subcommittee will also explore the relationship of other advisory groups to the formulation of Federal policy.

Hearings on the legislation will be held in room 3302, New Senate Office Building, beginning at 9:30 a.m.

Any Senator or other person wishing to testify or present a written statement regarding S. 3067 or related matters, should notify the subcommittee, room 357, Old Senate Office Building, extension 4718.

ADDITIONAL STATEMENTS OF SENATORS

THE NEED FOR CONGRESS TO KNOW

Mr. SYMINGTON. Mr. President, I ask unanimous consent that an article entitled "Case Offers Bill To Disclose Pacts," with respect to the thinking of one of our more distinguished colleagues, published in the New York Times of Thursday, December 3, be printed in the RECORD.

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

CASE OFFERS BILL TO DISCLOSE FACTS

WASHINGTON, December 2.—Senator Clifford P. Case today introduced legislation, first sponsored by conservatives 16 years ago, that would require the executive branch to transmit all international agreements to Congress.

The New Jersey Republican argued in a Senate speech that this would eliminate much of the acrimony between Congress and the President over foreign policy responsibilities.

At present, the President is required to submit treaties to the Senate for its approval. One complaint in Congress, particularly in the Senate Foreign Relations Committee, is that increasingly the President has bypassed the treaty route by entering into secret agreements and commitments with foreign countries without informing Congress.

A proposal similar to Senator Case's was introduced in 1954 by Senator William F. Knowland of California, a conservative Republican, as an alternative when the Bricker amendment to the Constitution was rejected by the Senate. The Knowland bill was approved by the Senate in 1956 but died in the House.

Now the proposal has been introduced by a Senator who is regarded as a liberal Republican and an internationalist. Between the conservatives of 15 years ago and the liberal internationalists of today there is a common concern over the President's ability to enter into foreign agreements without the consent or knowledge of Congress.

Just as the conservatives were worried during the long Senate fight over the Bricker amendment that the President would use his treaty-making powers to override domestic laws, now the liberals are concerned that the President will use his foreign policy powers to get the nation involved in foreign commitments and wars without the consent of Congress.

FOLLOWS SENATE INQUIRY

The constitutional amendment offered by Senator John Bricker, Republican of Ohio, would have provided that a treaty or executive agreement would prevail as domestic law only through subsequent legislation by Congress.

The Case proposal is far more modest, providing only that all international agreements other than treaties must be transmitted to the Senate and House within 60 days of their execution.

To a large extent, the Case proposal grows out of the experience of the Senate Foreign Relations Subcommittee on National Commitments, headed by Senator Stuart Symington, Democrat of Missouri.

During the course of its hearings over the last two years, the Symington subcommittee has discovered that the President, without informing Congress, has entered into understandings, commitments or agreements with foreign countries, such as a military contingency plan with Thailand, a pledge of support for the Ethiopian Government, and military aid for South Korea in return for sending troops to South Vietnam.

As defined by Senator Case, his proposal would require the executive branch to inform Congress of any such agreement or understanding with a foreign government. He defined an "international agreement" as "any kind of agreement, oral as well as written, tacit as well as expressed" that is "intended to induce a reliance by another government upon the United States."

His purpose, he explained was "not to clip the wings of the President" but "to broaden the scope of consultation before he involves us in certain foreign commitments."

ANTITRUST AND THE AEC

Mr. KENNEDY. Mr. President, I am pleased that H.R. 18679 will finally require the Atomic Energy Commission to impose strict antitrust review standards in its licensing process for nuclear generating facilities. For far too long the AEC has been ignoring its responsibility to the consumer by licensing large, competitive atomic powerplants under research and development provisions of the Atomic Energy Act, which do not re-

quire strict antitrust scrutiny. Now, if H.R. 18679 is enacted, the AEC will have the mandate from Congress to look carefully at competitive implications before issuing licenses for such nuclear facilities.

This bill is important to the electric consumers of Massachusetts and New England where we have witnessed the rapid growth of nuclear powerplants owned by only a few of the large private utilities. Small electric utilities, both private and public, have been excluded from participation in these large facilities. However, as a result of antitrust litigation before the Securities and Exchange Commission, the sponsors of two nuclear plants—Vermont Yankee and Maine Yankee—have opened up ownership for all utilities in the region. This type of action should have come at the AEC stage. Under the terms of H.R. 18679, the AEC would be directed to resolve problems of exclusion if there are competitive implications.

I was concerned over subsection 105(c)(5) of H.R. 18679, which states that the Commission "shall make a finding as to whether the activities under the license would create or maintain a situation inconsistent with the antitrust laws." The question raised by this language is whether this mandate to the Commission affects the right of the Attorney General or others to pursue antitrust remedies in the courts or other regulatory forums while the AEC is considering the same facts or issues. I wrote the Antitrust Division of the Department of Justice and asked them for an interpretation of this language. Deputy Assistant Attorney General Walker B. Comegys responded that the language of subsection 105(c)(5) would not have the effect of preventing Government or private antitrust suits.

I ask unanimous consent to have printed in the RECORD the text of the letter from Mr. Comegys, in which a detailed explanation is given of the effect of H.R. 18679 on pursuing antitrust remedies before the AEC and other forums.

It should be noted that the letter from Mr. Comegys refers to S. 4141, which is the Senate version of H.R. 18679, and, as reported by the Joint Committee on Atomic Energy, is identical.

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

HON. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: I have delayed somewhat in answering your letter concerning S. 4141 because heretofore the interpretation which the Joint Committee on Atomic Energy would give key provisions of S. 4141 has not been clear.

In your letter, you ask whether the authority of the Antitrust Division and other persons to bring civil or criminal antitrust actions would be affected by the mandatory directive in S. 4141 that the Atomic Energy Commission determine whether the activity under the license "would create or maintain a situation inconsistent with the antitrust laws." You also ask for information on the effects of other mandatory directives to agencies to consider antitrust issues.

In sum, we do not think that, properly interpreted, the language in S. 4141 would have the legal effect of preventing government or private antitrust suits. There is a possibility that an AEC determination that a given situation did not pose significant competitive issues could, as a practical matter, make it somewhat more difficult for a private party to persuade a federal court that a violation of law existed; but in our opinion this is not an excessive price to pay for the advantage of having pre-licensing review of antitrust questions by the Atomic Energy Commission.

The effect of the language in S. 4141 concerning whether activities under the license would be inconsistent with the antitrust laws would be to some extent dependent upon the report of the Committee accompanying the bill. An early draft of the report would have interpreted the commission's responsibility as determining whether violations of the antitrust laws existed.

We were concerned about this language, on two counts.

(1) AEC review of the issue of technical antitrust violation only would give it a narrower scope of review of competitive issues than is usually the case with other licensing and regulatory agencies.

(2) A significant amount of court litigation might be required to settle conflicting claims concerning the effect of an AEC determination as to whether the antitrust laws had been violated.

Subsequently, the Committee revised its report, so as to indicate that the Commission was to consider contravention of the provisions of the antitrust laws or the policies clearly underlying those laws. This change will make it clear that the AEC is to follow the precedent of other federal agencies as to antitrust matters—that is, not to sit as antitrust court to determine the technical question of antitrust law violation, but rather to determine questions of substantial anticompetitive effect, guided by the provisions and policies of the antitrust laws. For illustrations of this approach, see *Mansfield Journal Company* v. *Federal Communications Commission,* 180 F. 2d 28 C.D.C. Civ. (1950) and *Svenska Amerika Linien* v. *Federal Maritime Commission,* 390 U.S. 238 (1967).

In these circumstances, assuming that the AEC will follow the language of the bill and applicable precedent, we think the mandatory requirement of an AEC determination of competitive issues would not pose *res judicata* or other similar questions in court litigation.

As to your more general question, one may note that agencies have determined competitive issues, either on their own motion or by court direction, in a variety of formats. The general rule is that unless there is an explicit exemption from the antitrust laws, or exemption is compelled by the need to give effect to an agency determination at the heart of a comprehensive regulatory scheme, the applicability of the antitrust laws is not suspended by any agency approval of a transaction. E.g., *U.S.* v. *Philadelphia National Bank,* 374 U.S. 321.

Within this general framework, one may note that the courts have held that agencies must consider the nation's general policy in favor of competition in passing upon matters importantly affecting competition even when the regulatory statute does not explicitly refer to competition. (e.g., *McLean Trucking Co.* v. *U.S.,* 287 U.S. 12); and have sustained agency action to preserve rivalry absent an explicit statutory requirement that the agency so act (e.g., *Svenska, supra*).

The Bank Merger Act provides an example of a statute requiring an agency to consider competitive issues. This statute requires banking agencies to weigh anticompetitive effects against the convenience and needs of communities affected (18 U.S.C. § 1828(c)) and also for *de novo* court review of the antitrust issues (18 U.S.C. § 1849). Favorable agency action on a merger does not immunize the transaction from antitrust challenge.

Another example is the Public Utilities Holding Company Act of 1935, which, in § 10(b)(1), 15 U.S.C. 79j(b)(1), requires the SEC to consider whether holding company acquisitions would tend to create economic concentration of a sort detrimental to the public interest. There has been no court test of whether an SEC approval of a holding company merger would be immunized from the antitrust laws.

Both the banking and holding company statute are distinguished from the AEC statute in that they provide for extensive schemes of economic regulation, while the Atomic Energy Act does not.

In sum, we think it is clear that S. 4141 is not intended to, and under applicable precedent, would not, confer immunity from antitrust challenge for any transaction considered by the AEC, as to which it finds no anticompetitive effects.

Your letter concludes by requesting any additional comments I might have. I will take this occasion to note that although changes in the report substantially improve it, the report remains deficient in one significant particular. On page 31, the report suggests that the Commission would not make findings concerning the competitive effects of activities of suppliers of goods and services, unless the license applicant is culpably involved. We think this is a mistake. While we would expect generally to deal with supply transactions directly under the antitrust laws, occasions may arise in which AEC licensing action is appropriate. The AEC should not be inhibited from making findings on competitive issues in this area, in our view.

We also note that S. 4151, revised § 105c(6), states that if the AEC finds a situation inconsistent with the antitrust laws, it is then to take into account other considerations relevant to the public interest; but the bill refers specifically only to the need for power in the area involved. We think this juxtaposition of antitrust concerns and power needs unfortunate drafting: frequently, there would be no conflict, companies can plan so as to avoid such conflicts, and language of this sort could be some encouragement to a company to try to push through restrictive agreements on claims of urgent power needs. It would be better to refer to the statement of the policy at the outset of the Act, which comprehensively and cleanly states the major considerations to be taken into account, in language which subsumes the consideration of power needs.

I hope this letter is responsive to your query.

Sincerely yours,
WALKER B. COMEGYS,
Deputy Assistant Attorney General,
Antitrust Division.

NATIONAL HEALTH INSURANCE

Mr. GRIFFIN. Mr. President, a recent article on national health insurance has been brought to my attention and I should like to share it with Senators. The article, entitled, "Health Security and a Better America," was written by the Senator from Ohio (Mr. SAXBE) and was published in a special edition of The Bond Buyer. I ask unanimous consent that it be printed in the RECORD.

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

HEALTH SECURITY AND A BETTER AMERICA

(By Senator WILLIAM B. SAXBE)

With a bow to an over-used phrase, I submit that a program of national health insurance for all Americans is an idea whose time has come.

That is why I, along with several other of my colleagues in the United States Senate,

am sponsoring a legislative proposal to establish a program of comprehensive national health insurance to provide better health care for all of our people.

Before I go further, let me add this proviso: The bill (S. 4297, introduced Aug. 27, 1970) is not going to pass this year. It is not going to pass next year. Maybe it will never pass. But it's something we've got to start talking about. Because of the complex nature of the effort itself, it probably is wise that the actual legislation may be a time coming.

PULL IT TO PIECES

As "The Washington Star" pointed out in an editorial endorsing the idea on Sept. 27, ". . . the insurance bill . . . will not and should not be passed in this session. To place it in effect would be like installing a jumbo jet engine on a Ford Tri-Motor plane; it would pull the whole fragile health works to pieces. It is the only logical long-run objective, but preparations must be made. Crippling deficiencies of manpower, money and planning must be dealt with . . ."

This said, let me go on to explain why I think the program is needed as soon as feasible. Let me also tell you a little about this particular proposal.

I wish that the needed corrections in our health care systems could be done on the local level, or the State level, but I don't see this happening. We have to meet this problem on the Federal level. At the present time, adequate coverage to all of our people just does not exist. And inflation has created a situation where there are no savings available in all too many cases for long-term, serious illness.

Much of the burden rests on our older people, those who are hurt most by inflation. These people don't receive adequate care and they are not adequately covered. Medicare doesn't begin to cover all of their medical costs.

Columnist Sylvia Porter pointed up the problem quite clearly in a recent piece, when she told about a friend who was admitted to a major New York hospital, suffering a coronary heart attack. The friend remained in an intensive care unit for six weeks before moving to a private room with round-the-clock private nurses. He was finally released three months after entering the hospital and his bill was a mind-boggling $22,000.

MORE DOCTORS

As Miss Porter wrote: "Fortunately, this man had extensive health insurance. But what if he had been among the tens of millions who have only a bare minimum or no coverage at all?"

We can't significantly increase the number of doctors or the methods of treatment by merely putting more and more money into our present health programs. This bill provides for increasing the numbers of doctors. We need at least 40,000 more doctors, but that alone won't cure the ills of the nation. Just supplying 40,000 more practitioners won't drive physicians to the outposts where they are needed. We must spread doctors more efficiently and we must make sure that people who need specialized services get them. Many people who need a specialist go without one because they can't afford it. This bill recognizes the importance of the referral system which makes efficient use of the general practitioner and the specialist.

My only objection to the bill is the cost, but sometimes you have to pay the price for a good system. Estimates range anywhere from $37 billion to $77 billion a year by fiscal 1974, when this particular bill would become effective. But when you consider that the war in Vietnam has been costing us anywhere from $18 billion to $30 billion a year for the last six years, a similar expenditure for health care for all doesn't seem too much or too awesome.

In its purest sense, this bill would be financed by an increase in Social Security payroll taxes. The plan would provide coverage for all major health services except custodial care for the aged and disabled, and psychiatric and dental care. It would be financed 35 per cent by an employer-paid payroll tax; 25 per cent by a tax on workers' income up to $15,000 a year and the remaining 40 per cent would come from general Federal revenues.

EASY TO FORGET

It is easy to forget—in fact, millions don't know at all—that the United States is the only major industrial nation in the world that does not have a national health service or some kind of program of national health insurance and concomitant changes in the organization and delivery of health care in the United States is our single most important issue of health policy today.

When the health security bill was introduced in the Senate, Sen. Edward Kennedy, D-Mass., detailed some of its major provisions. I think it would be helpful if I summarized those provisions at this point.

Several basic principles have served as guidelines for the proposal:

(1) Health security doesn't envisage a national health service, in which the Government would own the facilities, employ the personnel and manage the finances of the health system. Rather, the program proposes a working partnership between the public and the private sectors. The Government will, of course, assist with financing and administrative management, joined with private provision of personal health services through private practitioners, institutions, and other providers. The program itself would be carried out gradually, moving in an orderly, evolutionary way from where we stand today toward the goals we have set for the future.

BUDGETED BASIS

Comprehensive service covered by the health security program will be financed on a budgeted basis. Funds will be provided from a pool of national resources, with reasonable limitations, governed by such demands as the national economy warrants. In other words, safeguards would be provided against runaway expenditures.

(2) Benefits of the health security program will be available, with only minor exceptions, to all persons residing in the country. Target date for this particular bill is the middle of 1973. Eligibility will require neither an individual contribution history as in Social Security nor a means test as in Medicaid.

(3) Benefits of the program will embrace the entire range of services required for personal health. These include services for the prevention and early detection of disease, for the care and treatment of illness, and for medical rehabilitation.

(4) Providers of health services will be compensated directly by the health security program. Individuals will not be charged for covered services. Hospitals and other institutional providers will be paid on the basis of approved prospective budgets. Independent practitioners, including physicians, dentists, podiatrists and optometrists, may be paid by various methods which they elect: by fee-for-service, by capitation payments, or in some cases by retainers, stipends, or a combination of methods. Comprehensive health service organizations may be paid by capitation or by a combination of capitation and methods applicable to payments to hospitals and other institutional services. Other independent providers, such as pathology, laboratories, radiology services, pharmacies, and providers of appliances, will be paid by methods adapted to their special characteristics.

STATE LAW SUPERSEDED

(5) Financial and administrative arrangements are designed to move the medical care system toward organized programs of health services, with special emphasis on teams of professional, technical and supporting personnel. The resources development fund—containing up to 5 per cent of the total amount in the trust fund—will be available to support the most rapid practicable development toward this goal of strengthening and improving America's health resources. Federal law will supersede State statutes which restrict or impede the development of group practice plans. So, the program will do its best to assure increased availability of covered health services. It will not be content with merely contributing further strains on our already overburdened resources.

(6) The health security program includes various provisions to safeguard the equality of health care. The program will establish national standards more exacting than Medicare for participating individual and institutional providers. Independent practitioners will be eligible to participate if they meet licensure and continuing education requirements. Specialty services will be covered if, upon referral, they are performed by qualified persons. Hospitals and other institutions will be eligible if they meet national standards.

(7) On the subject of health manpower, the health security program will supplement existing Federal programs. It will provide incentives for comprehensive group practice organizations. It will encourage the efficient use of personnel in short supply. It will stimulate the progressive broadening of health services. It will provide funds for education and training programs, especially for members of minority groups and those disadvantaged by poverty. Finally, it will provide special support for the location of needed health personnel in urban and rural poverty areas.

(8) Health security will supersede in whole or part various Federal health programs. Because all persons over 65 will be covered by the program, Medicare under the Social Security system will be ended. Federal aid to the States for Medicaid and other Federal programs will also be ended except to the extent that benefits under such programs are broader than under health security. However, the bill does not revise the current provisions for personal health service under the Veterans' Administration, temporary disability, or workmen's compensation programs.

FIVE-MEMBER BOARD

(9) Administering the health security program will be concerned primarily with the availability of services, the observance of high quality standards, and the containment of costs within reasonable bounds. Policy and regulations will be established by a five-member, full-time Health Security Board, appointed by the President with the advice and consent of the Senate. Members of the board will serve five-year terms and will be under the authority of the Secretary of Health, Education and Welfare.

So far as general policy, the formulation of regulations and the allocation of funds, a statutory National Advisory Council will assist the board. Members of the Council will include representatives of both providers and consumers of health care.

Administration of the program will be carried out through the 10 existing HEW regions as well as through the approximately 100 health sub-areas that now exist as natural medical marketplaces in the nation. Advisory councils on matters of administration will be established at each of these levels. Through its regulation, the board will guide the overall performance of the program. It will coordinate its activities with State and regional planning agencies, and it will account for its activities to Congress.

(10) A health security trust fund, similar to the Social Security trust fund, will finance the program. The fund will derive its income from three sources: 40 per cent from Federal general revenues; 35 per cent from a tax of 3.5 per cent on employers' payrolls

and 25 per cent from a 2.1 per cent tax on individual income up to $15,000 a year.

It is important to note that employers may pay all or part of their employees' health security tax, and they would be expected to preserve obligations under existing collective-bargaining agreements.

The board each year will make an advance estimate of the total amount needed for expenditure from the trust fund to pay for services, for program development, and for administration. The board will allocate funds to the several regions, and these allocations will be subdivided among categories of services in the health sub-areas. Advance estimates, constituting the program budgets, will be subject to adjustments in accordance with guidelines in the act. The allocations to regions and to sub-areas will be guided initially by the available data on current levels of expenditures. Thereafter, they will be guided by the program's own experience in making expenditures and in assessing the need for equitable health care throughout the nation.

TWICE PRESENT TOTAL

(11) On the basis of data from fiscal 1969, the most recent year for which complete statistics are available, the health security program that we are talking about here would have paid for a total of $37 billion in personal health care services in the United States. Had the program been in existence in 1969, therefore, it would have paid approximately 70 per cent of the $53 billion in total personal health expenditures for that year, or about twice the percentage that existing forms of public and private health insurance now pay.

It is also important to stress that, overall, expenditures under the health security program will not create a new round of Federal health expenditures, layered on top of existing public and private expenditures for health care. Instead, the health security program is designed to achieve a rechanneling of expenditures already being made, so that existing funds may be allocated more efficiently.

In essence, health security expenditures will replace the large amount of wasteful and inefficient expenditures already being made by private citizens, by employers, by voluntary private agencies and by Federal, State and local governments. Only in this way can we begin to guarantee our citizens better value for their health dollar.

THE DIFFERENCES

In the end, I think the Health Security Act differs from previous proposals for national health insurance. As I and others have noted, it is not just another proposal for insurance. It is not just another design for pouring more purchasing power into our already over-strained and over-burdened system for delivery of medical care. It is not just another proposal to generate more professional personnel or more hospitals and clinics, without the means to guarantee their effective utilization.

This is a proposal to give us a national system of health security. Under this program, the funds we make available will finance and budget the essential costs of good medical care for the years ahead. At the same time, these funds will be building new capacity to bring adequate, efficient and reliable medical care to all families and individuals in the nation.

WORSE TODAY

In closing, I want to point up a few facts which I believe as well as any others illustrate the need for this program.

For example, the health of most Americans is worse today than it was 15 or 20 years ago compared with other industrial countries. Despite the high percentage of our earnings we pay for health care, the high competence of our doctors and the highest level of income in the world, this is true.

The Committee for National Health Insurance recently compiled statistics on infant deaths, maternal mortality, life expectancy and the mortality of men in their middle years with those of other industrialized countries, and found that the United States ranks:

Thirteenth among industrial countries in death of infants during the first year of life.

Seventh among industrial countries in the percentage of mothers who die in childbirth.

No better than 18th in the life expectancy of males and 11th for females.

Sixteenth among other industrial countries in the death rate of males in their middle years.

In all instances, the U.S. ranked better 15 or 20 years ago.

In a nutshell, these statistics point up quite clearly that something is indeed wrong with the delivery on massive scales of health care in our country.

And that is why I say that a bold, new, innovative program of national health insurance for all Americans is an idea whose time is at hand.

THE NEED FOR MEETING HUMAN NEEDS IN THE MIDDLE EAST

Mr. HATFIELD. Mr. President, I recently submitted amendment No. 1092 to S. 4542, a bill amending the Foreign Assistance Act of 1961, and was very much pleased to have as cosponsors the distinguished Senator from Vermont (Mr. AIKEN), the ranking Republican member of the Foreign Relations Committee, and the distinguished Senator from Massachusetts (Mr. KENNEDY), the chairman of the Subcommittee on Refugees. The amendment would increase funding to the United National Relief and Works Agency—UNRWA—by $1.5 million in an effort to help alleviate the $5½ to $6 million deficit the organization is facing and to bring U.S. funding up to its level prior to the June 1967 war in the Middle East. The additional funds are intended to go to the maintenance of the educational and technical training facilities which are jeopardized by the impending deficit.

Mr. President, as the hearings before the Foreign Relations Committee approach on this matter, I think it important to keep in focus the crucial role that UNRWA plays in helping to reach constructive solutions to the tragedy in the Middle East by trying to alleviate human misery—in this case, of the Palestinian refugees which number 1.4 million.

This next week will be very important for the United Nations and UNRWA in particular. Within the United Nations there is a great deal of activity to try to find the adequate resources to meet this deficit and a strong indication of willingness to cooperate in every manner by UNRWA with regard to various criticisms laid to it by various member nations.

Mr. President, I ask unanimous consent that a statement of December 1, 1970, by Commissioner-General of UNRWA Laurence Michelmore and a statement of December 2, 1970, by the Secretary General regarding the funding of UNRWA be printed in the RECORD.

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

STATEMENT BY COMMISSIONER-GENERAL LAURENCE MICHELMORE OF UNRWA IN SPECIAL POLITICAL COMMITTEE, DECEMBER 1, 1970

I would like to inform the Committee of the results of the Pledging Conference, and of the financial position as it seems now.

At the Pledging Conference, 43 countries were represented. Twelve of the representatives who spoke brought very heartening news of increases in contributions, and I would first of all wish to express the deepest appreciation to those Governments. I would also like to thank the members of the Committee who have emphasized the importance of the financial problem confronting the Agency, and to thank you, Mr. Chairman, for the appeal you made on 25 November.

Some of the declarations at the Pledging Conference related to 1970 rather than 1971; some Governments were not yet in a position to make definite pledges for next year, and in some cases the exact application of the intended contribution will require further discussion with the Government concerned.

Despite these uncertainties, I think that I can give the general indication that after the Pledging Conference, the outlook is perhaps $1 million better—or rather $1 million less disastrous—than it seemed before. Instead of a shortfall of $6.5 to $7.0 million for 1971, as indicated by recent estimates, we might now substitute an estimate of $5.5 million to $6.0 million.

This is, of course, a very grim outlook. After the succession of deficits that we have had, a further deficit next year would bring a collapse.

We must find additional income or we must reduce expenditures. I profoundly hope that the appeals that have been made here, and that may later be endorsed by the General Assembly will encourage a greater flow of contributions to the Agency. I hope that Governments will continue to consider whether there are other ways, including those mentioned in the paper A/SPC/134, by which the Agency's finances could be put on a sounder basis.

I should mention also that the Executive Board of the United Nations Educational, Scientific and Cultural Organization, supporting a recommendation of the Third Regional Conference of Ministers of Education and Ministers responsible for Economic Planning in the Arab States, held in Morocco early this year, has authorized the Director-General of UNESCO to launch an international appeal describing the conditions of the Palestinian refugees and urging participation in the provision of assistance to ensure the improvement and continuation of educational services for these refugees. (The text of the UNESCO resolution is annexed to the UNRWA Report (A/8013), Annex IIIC.)

Pursuant to this authorization, and a subsequent resolution adopted by the October session of the UNESCO Executive Board, the Director-General is expected shortly to launch this appeal officially. UNRWA will support this effort in every possible way, and we hope that it will produce substantial additional funds for the UNRWA/UNESCO educational programme.

In the meantime, however, we should prepare against the contingency that sufficient additional funds will not be forthcoming. Much as we all abhor the idea, this means that we must think about reductions.

Indeed, it is because the idea of reducing the already minimal services to the Palestine refugees is so abhorernt that reductions have been postponed so far as possible, and beyond that would be the limits of normal financial prudence in an organization with a more stable basis of financing.

First of all, I should mention the subsidies for education, health and relief previously paid to a number of Governments. As I have already reported, payment of these subsidies was withheld during 1970, but the relevant amounts have not yet been removed from the

budget estimates ($1.1 million for 1970 and $1.4 million for 1971). It now seems clear that we must regard these subsidies as indefinitely discontinued, and unless the General Assembly directs otherwise, I propose to reduce the 1971 estimates and to adjust the 1970 accounts accordingly. The result, I appreciate, is to throw this burden on the Governments concerned, but I see no alternative.

Before proceeding with the possible consequences for 1971, I would like to inform the Committee that for 1970, after deleting these subsidies, but making provision for certain non-recurrent expenses for which ear-marked contributions were received, the total expenditures for 1970 are now estimated at $46,750,000, and income at $42,344,000, with a resulting deficit for 1970 of about $4.4 million.

For the future, the choice of further reductions is a painful one. I should explain here, in view of remarks made in the course of the debate, that while scrutiny of ration rolls is a continuing process and a ceiling is already placed on the number of ration recipients, no significant saving can be hoped for in this area. All ration commodities now distributed are received as donations in kind, except for sugar, and even if the number of ration recipients were reduced, there would be very little saving in cash; and cash is what required to pay for heath and education services.

I shall, of course, welcome any advice that this Committee may wish to give, but my present view is that our aim in effecting reductions in services should be to preserve as much of the educational programme as is compatible with the level of our income and with the maintenance of the strict minimum in health and relief services. Many distinguished members have spoken warmly of the value of the educational programme and have emphasized its significance for the Palestine refugee communuity. It has been aptly described as their life-line to the future.

It is with this consideration in mind that I believe we must turn first to the health and relief services to see if UNRWA expenditures could be curtailed in this area before education is cut. The health and sanitation services are already provided on an austere basis and I do not feel that any lowering in the standard of service is possible. The Director-General of the World Health Organization, who is UNRWA's collaborator in these matters, would, I am sure, regard any further lowering of the standard as jeopardizing the health of the refugees and of the general public with whom they live.

The present services must, I believe, be continued by some one. I will explore with the Governments concerned the possibility of their assuming responsibility, through their local government authorities, for the sanitation services now carried out by UNRWA at an annual cost approaching $1.4 million. I will ask also whether any of the Governments could provide additional medical services now provided from the UNRWA budget. Apart from these inquiries—the result of which will depend on the reaction of the Governments—I see no hope of savings in the health and sanitation programme on any significant scale.

As regards relief services, I have already explained why little cash savings can be found from reductions in rations beyond what has already been achieved, e.g. by the elimination of soap earlier this year. Discontinuance of the issue of kerosene and blanket *in toto* would save about $200,000 only, and for more substantial savings we must turn to the programme of supplementary feeding for vulnerable groups, such as children and nursing mothers. Priority in this programme should, I believe, be given to the hot meals and other supplements for very young children up to six years of age.

Any reductions in this programme must therefore fall on the protein supplement, the hot meals for children between six and 15 living in emergency conditions, and other extensions of the programme introduced to meet the needs of those displaced in June 1967. The amount involved is about $400,000. I would approach such a measure with great reluctance, as the nutrition studies that I have seen indicate that we are now barely maintaining an adequate level of nutrition, but we may not be able to avoid considering such a reduction.

In the education programme, there are items of a minor nature or that are carried on elsewhere than in UNRWA establishments, such as adult craft and some other training, university scholarships and a small amount spent on youth activities in a joint project with a voluntary agency. They total about $450,000 in a full year, of which half is accounted for by the scholarships. While I shall wish to consult the Director-General of UNESCO on the point, I believe they must be regarded as less important than the remainder of the education programme.

All the reductions which I have mentioned so far, even if it should prove practical to put them into effect—and some can be accomplished only with the concurrence and the active co-operation of the host Governments—amount in annual value to about $3¾ million. I should also point out that reductions made after this year has begun would save only a part of the annual amount in 1971.

As it cannot be assumed that although these savings I have mentioned could be achieved, and as they might not be sufficient to meet the problem in any case, it seems almost inevitable that reductions will have to be considered in the UNRWA/UNESCO education programme: general education or vocational and technical education, or both. It will give the Committee some idea of what is involved if I mention that the cost of the preparatory cycle of general education, that is, the last three years of the nine-year compulsory cycle, is $4.5 million and the cost of all vocational and technical education carried on in UNRWA/UNESCO centres is $3 million.

As I have said, I shall wish to discuss with the Director-General of UNESCO questions concerning reductions in any part of the education programme. Before reaching any conclusions, however, we shall want to know the results of the appeal which the Director-General of UNESCO will soon launch, but we cannot wait longer than about the month of April before taking decisions about the school year 1971–1972.

If funds are not forthcoming on the scale required, these decisions will not be easy. There are technical difficulties: for instance, much of the vocational and technical training is financed by special contributions received specifically for this purpose. It is extremely doubtful that these contributions could be switched to other forms of expenditure; and a partial cut in the preparatory cycle of general education may not be practical. The latter affects about 60,000 children and hundreds of teachers. If this whole cycle would have to be stopped, this would be major surgery and I must warn the Committee the patient might not survive the shock.

It will be tragic for the Palestine refugees if their educational system must be truncated. UNRWA, with the professional advice of UNESCO, has been the instrument established by the United Nations to undertake this responsibility. This educational programme, with about a quarter of a million children within its scope and nearly 7,000 teachers in its employment, is comparable to the education systems of many Member States.

To finance such an establishment by voluntary contributions is very difficult indeed, as we are learning with such anguish. I hope that we shall not have to conclude that it is impossible. I hope that I shall not be compelled to tell the Palestine refugee families that on top of a reduction in relief and welfare assistance, the right of their children to education is to be diminished.

STATEMENT BY SECRETARY-GENERAL TO SPECIAL POLITICAL COMMITTEE ON FINANCING OF UNRWA

Following is the text of a statement to be made by the Secretary-General, U Thant, this afternoon in the Special Political Committee on the financing of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East (UNRWA):

The Committee will, I am sure, have heard your appeal last week and the statement of the Commissioner-General yesterday with the same deep anxiety which has prompted me to ask for the floor in this debate. The present situation is that even after the pledging conference—and I take this opportunity to express appreciation to all the contributors and particularly to the 12 countries who announced an increase in their contributions to UNRWA—the estimated deficit of UNRWA for 1971 is between $5½ and $6 million. This deficit, I note in passing, is roughly the sum which was recently paid for one painting in a two-minute transaction in London, or, on another recent occasion for a race-horse. If UNRWA is not to collapse in the course of 1971, the only possible alternatives are either to reduce its already minimal services to the refugees or to find a way adequately to increase its income.

To take the first of these alternatives would, I believe, constitute a shameful failure by the United Nations to live up to its moral obligations. A substantial part of any reduction must inevitably fall on UNRWA's educational services, and to be obliged, at this stage, to close down schools for children who have never known any status other than that of refugees, would be to deprive them of an essential service and of one of the very few relative compensations for their tragic situation. Moreover, any large reduction in UNRWA's services must inevitably add to the difficulties, resentments and tensions in the Middle East at a time when an improvement in the atmosphere is desperately needed if any progress towards a real solution is to be made.

I feel most strongly, therefore, that we must once again address ourselves to the second alternative, to provide adequate financial means for UNRWA. It is inconceivable to me that the United Nations can sit idly by and watch UNRWA run down and collapse.

I hope that the appeal to be launched shortly by the Director-General of UNESCO on behalf of educational services for the refugees will be answered with generosity and understanding.

I also appeal once again to all Governments to consider again, and most urgently, what further contribution they can make at this time to UNRWA. Governments are, no doubt, weary of appeals for funds from the international organizations of which they are members, and until some entirely new way of financing international organizations emerges, I fear that they will continue to be importuned in this way. But I venture to hope that Governments will be willing to regard an appeal for UNRWA in a rather different light from other appeals—as an appeal on behalf of a large group of human beings whose recent history, through no fault of their own, has been an unusually tragic one and for whom the United Nations, until some settlement can be reached, must recognize a very special responsibility.

GENOCIDE CONVENTION SHOULD NOT BE PASSED OVER IN THE RUSH TO ADJOURN

Mr. PROXMIRE. Mr. President, it has now been almost 2 weeks since the Com-

mittee on Foreign Relations ordered the Genocide Convention of the United Nations reported to the Senate. It is my understanding that this important treaty will be reported in the very near future, possibly today. I certainly hope this is the case. As soon as the convention has been reported, we should not hesitate any longer before taking the necessary action to ratify it. It has been almost 22 years since we led the effort to draft it in the United Nations. I believe that is long enough.

I think the time has come for sincere and honest debate by the entire Senate on this matter. But we should not miss the opportunity to ratify this treaty before the end of this session of Congress.

I urge the Senate to accept the recommendation of the Foreign Relations Committee and bring this important human rights document up for discussion and, I hope, affirmative action in this session of Congress.

PROBLEMS OF THE AIRLINE INDUSTRY

Mr. FANNIN. Mr. President, as a frequent commuter between my home State and the Nation's Capital, no one appreciates today's jet airliners more than I. It is possible for me to talk with constituents in Arizona in the evening, and be in Washington the next morning for the opening of Senate business.

In addition to the convenience and benefits that I enjoy as a result of this service, airline travel also is an important element in the development of my State. Airliners make Arizona easily accessible for tourists from all over the Nation. Airliners make it possible for businessmen to reach Arizona quickly, and for Arizona businessmen to reach other centers of commerce.

For those reasons, I am vitally interested in the airline industry. It must be a healthy industry to provide the services required by the people of Arizona and the rest of the Nation.

Unfortunately, there are some serious problems facing the airline industry at the present time and these are a cause for deep concern.

Mr. President, these problems are summed up in a brief report by George A. Spater, president of American Airlines, in the most recent issue of Astrojet News.

I ask unanimous consent that the article be printed in the RECORD.

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

[From the Astrojet News, Nov. 2, 1970]

THE TEST OF A GOOD OUTFIT IS WHAT IT DOES WHEN THINGS ARE TOUGH—PRESIDENT SPATER

Many of our employees have asked me what has happened to our business and why. The situation, briefly, is this: From 1961 to 1969, the domestic airline business had been growing at the annual average rate of 16 per cent. Since the end of 1969 it has not grown at all. It has declined. The accompanying chart [not printed in the RECORD] shows where domestic airline passenger traffic is today as compared to where it would have been if the normal growth rate had continued.

Important decisions in the airline business must be made a long time in advance. Flight equipment being delivered today was ordered in 1966. Ground facilities completed in 1970 were planned years ago. We have bought, built and hired in anticipation of a continued growth rate that has not materialized.

This fall-off in growth rate unfortunately has coincided with an orgy of route duplications by the Civil Aeronautics Board. In the past year and a half, the CAB has granted about 110,000 new route miles, almost all duplicating existing authority. Services like our Memphis-Los Angeles nonstops, formerly two roundtrips a day at load factors in the 60's and profitable, now operate at load factors in the 40's and lose money. United, the new carrier, also operates between Memphis and Los Angeles at a loss. By a single authorization, a profitable operation of one carrier was made into an unprofitable operation for two. This example can be multiplied many times.

On top of the airline recession and the enormous route duplications that have brought our loads down, there is the unprecedented pressure of rising costs—the cost of doing everything is increasing faster than at any time in our entire history. To give you some examples, here are the 1970 increases over 1969 levels for American Airlines:

	Increased expenses	
	Millions of dollars	Percent change 1970 vs. 1969
Employee pay and benefits	$94	21
Aircraft rental and depreciation	29	26
Fuel	15	12
Passenger meals and supplies	9	17
Landing fees	4	24
Insurance	2	17

Remember, these are *increases* that must be borne by a company that is doing less business today than it did last year.

Finally, in addition to the declining loads and increasing costs, we have had the dual burden of breaking in a dramatically new type of aircraft and of beginning service on a new 10,000 mile international route.

As a result of these pressures, our company lost money in the month of September. This was the first September in which we had a loss for thirty-five years, and the loss was a horrific $6.6 million. There is now very little chance that we will be able to break even for the full year. This will be our first loss year since the post-war recession of 1948.

In order to bring our expenses in line with our revenues, we have reduced our schedules. During the usual summer peak, July through September, we operated 4.3 per cent fewer seat miles on our domestic routes than last year. We have kept our headcount down. Excluding personnel assigned to the new Pacific services, the number of people on American's payroll during this period was less than it was last year. We have cut our service frills such as free newspapers, movies on morning flights, and have made service economies such as replacing snacks for meals on short-haul flights.

We have tried, as you know, to raise our fares and some very inadequate increases have been allowed; not enough to bring our average yield up to the level we enjoyed in 1962. While airline fares are 6 per cent below 1962 levels, other consumer goods and services, as measured by the Consumer Price Index, have risen 28 per cent.

For all these reasons—the decline in our business as a result of the national economic slowdown, the CAB's route duplication program converting profitable routes into loss routes, the pressure of rising costs, and the refusal of the regulatory agency to allow us rates to cover these costs—we must take still further steps to enable the company to get through this difficult period. While we know that the growth of airline traffic will someday resume, we do not know when this will occur.

In the meanwhile, in order to survive, we must not only continue to economize in all the usual ways, but we must also forego some projects that, while important, are primarily directed toward the future. We must cut out all costs except those immediately required for our operations in 1970 and 1971. This will mean that we will have to postpone some good work. It inevitably means that we will have to lose some good people in the next few weeks. I regret the need to do this; it is a last resort step. But, unless business declines drastically beyond the present low levels, this will be the last group of our good people that it will be necessary to terminate. It is only a slight solace to recognize that our competitors are taking even more drastic personnel action.

When will business snap back? No one knows. The recovery will depend on profits in other U.S. industries and on an increase in consumer confidence. That it will recover, and recover strongly, I am certain. In each of our other recessions, we have seen this happen, and it will happen again. In the meanwhile, we must exert the maximum effort to keep up the quality of our service so that we remain America's leading airline and are able to take advantage of growth opportunities when they occur. The test of a good outfit is what it does when things are tough. We have the chance now to show the full extent of our capabilities.

GEORGE A. SPATER.

MASSACHUSETTS REFERENDUM ON WAR IN VIETNAM

Mr. DOLE. Mr. President, I should like to draw the attention of Senators to the results of a referendum on the war in Vietnam which appeared on the Massachusetts ballot during the November 3 election.

The official figures have now been announced and show that President Nixon's plan for a phased withdrawal from Vietnam received 822,955 votes, while 517,550 favored immediate pullout and 268,025 voted for a military victory. Clearly, a very large majority of the voters in Massachusetts support the President's plan to end the war.

There would seem to be a lesson to be learned from the results of this referendum. There have been many very vocal critics of the President's efforts to end the war in the Bay State. Yet, when the voters of that State were given the opportunity to express their opinions they overwhelmingly supported the President. Perhaps the loudest voices are not the strongest after all.

REDUCTION IN MILITARY SPENDING

Mr. PROXMIRE. Mr. President, the American people have just won a great victory. The $2.3 billion cut from the President's Pentagon budget request by the Senate Appropriations Committee is a major defeat for the Pentagon spenders and a great day for the American taxpayer.

The committee summarily rejected both Secretary Laird's assertion that he had presented a rock bottom budget and his plea to the Senate committee to restore $1.3 billion of the House cuts. Instead, the Senate committee cut almost $400 million below the $1.9 billion reduction by the House.

I welcome the results and believe that the critics of military spending should support the sensible action of the Senate committee when the bill comes before the Senate next week. Because what the committee has done carries out the essential purpose of the Proxmire-Mathias amendment to limit military spending, we do not now intend to offer it on the floor of the Senate.

The significance of the cuts should not be overlooked. While administration spokesmen have repeatedly denounced Congress as the big spender, this action guarantees that more than $1 billion will be cut by Congress from the President's overall budget requests.

While our long struggles over the military authorization bills to cut back on military frills were beaten on the Senate floor, they have now been won in the House and Senate Appropriations Committees.

We have thus achieved a signal success in our fight. We have cut back on wasteful spending. We have increased funds for education, housing, health, and the environment. But at the same time we will have saved more than $1 billion for the American taxpayer. The long fight over spending and priorities is beginning to pay off.

REFUSAL OF NORTH VIETNAM TO NEGOTIATE

Mr. PERCY. Mr. President, I invite the attention of Senators to an article written by the able foreign correspondent Anatole Shub, published in the Washington Post of December 2, 1970. The article, entitled "Bruce Says Reds Won't Negotiate," reports a news conference by Ambassador David K. E. Bruce and the publication in Le Monde of an interview with North Vietnamese Premier Pham Van Dong.

The contrast between the statements of the two men is startling. On one hand, we have Ambassador Bruce deploring the fact that the Communists refuse to negotiate peace terms at Paris, but pledging that he is not prepared to give up. On the other, we have the North Vietnamese Premier calling for a military solution to the war, rejecting President Nixon's peace proposals, and pledging the Communist side to absolute intransigence.

We have the contrast of an American ambassador seeking to negotiate peace and a North Vietnamese premier seeking to insure the continuation of war.

It is time that the American people should know and that all the peoples of the world should know that the Vietnam war continues because the North Vietnamese and the Vietcong will not negotiate to end it. President Nixon's proposals of October 7, 1970, provide adequate foundation for meaningful negotiation which will take into consideration the aspirations of all parties to the conflict. As the Senate resolved on October 8, 1970, the President's peace initiative "is fair and equitable and lays the basis for ending the fighting and moving toward a just settlement of the Indochina war."

So that all Senators may note the contrast in the statements of Ambassador Bruce and Premier Pham Van Dong, I ask unanimous consent that the Anatole Shub report be printed in the RECORD.

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

BRUCE SAYS REDS WON'T NEGOTIATE

(By Anatole Shub)

PARIS, Dec. 1.—David K. E. Bruce, the chief U.S. negotiator at the Vietnam peace talks, said today that "there have never been any true negotiations" in the nearly two years of the Paris conference.

The U.S. envoy told a news conference that the talks had provided "a propaganda field day" for North Vietnam and the Vietcong, and that "that is all that has been going on."

Bruce said there has been "no indication whatever" that the Communists were ready to "engage in true negotiation." Instead, he said, the Communist side had stuck to its two preconditions—total U.S. withdrawal and replacement of the Saigon government—which, if accepted in toto, would according to them result in a negotiating posture."

The Communist preconditions remain unacceptable to the United States, Bruce said.

Bruce's negative assessment of the Paris talks, which began on Jan. 25, 1969, and have already lasted 92 sessions, was among the harshest ever put on record by an American official. Nevertheless, Bruce said he "wouldn't think of resigning," since it would be "well worth the effort" to determine whether the Communist stand would "continue to be as adamant."

Bruce's news conference, called to discuss the fate of U.S. prisoners in Vietnam coincided with publication here of an interview with the North Vietnamese Premier, Pham Van Dong, who said, "we will do everything to win the war, not only to win it but—if I dare say so—to do more than win it." The interview appeared in the French newspaper Le Monde.

According to Dong, the war "follows in implacable logic which serves us admirably . . . We are at ease with this logic because we possess its secret, which Mr. Nixon, the White House and the Pentagon cannot understand . . . This is the epoch of the decline of imperialisms, including American imperialism. We play a role in this evolution. We have played it, we will play it—and magnificently . . ."

The North Vietnamese premier made light of President Nixon's policy of "Vietnamization." He said, "All that Mr. Nixon can build is a scaffolding, which can be knocked down in one night."

THE LONG-RANGE OUTLOOK FOR COPPER

Mr. FANNIN. Mr. President, assured supplies of copper and of copper products are vital to the economic well-being and security of the United States.

A comprehensive address on the long-range outlook for copper was given recently by Mr. C. Jay Parkinson, chairman of the board of the Anaconda Co.

In speaking at the Second Annual London Forum sponsored by American Metal Market, Mr. Parkinson explored a number of problems that concern those of us from the major copper-producing States.

Nationalization of American industry abroad, coupled with environmental questions at home, give particular urgency to policy considerations affecting the future of the industry.

Mr. Parkinson's talk is of such significance that I ask unanimous consent that it be printed in the RECORD.

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

COPPER—VITAL METAL IN AN ERA OF CHANGE

(By C. Jay Parkinson)

Barring any major depression in the developed countries, world-wide copper consumption should rise on the average 4% to 5% per year during the 1970's. Concurrently, we expect production to increase world-wide at an annual average of 7% through 1973 and thereafter drop to a 3% increase through 1975.

Thereafter, market demand, translated into consumption measured against production, will dictate which and how many new mining properties can be opened and operated and at what rate. Our problem is that consumption is tied to economics and human events. It cannot be represented by a smoothly drawn curved average line on a chart. Actually, consumption represented on a chart looks more like a series of steps with risers and flats and even a worn, depressed area here and there.

The net result of such copper projections would seem to indicate a near balance between supply and demand this year with a theoretical surplus which could develop of about 250,000 metric tons in 1971, 320,000 in 1972 and possibly 500,000 tons in 1973. Thereafter, if the estimated figures are about right, we could see a theoretical surplus mount to about 850,000 tons in 1975 followed by a very gradual closing of the gap to a good healthy balance some time in the very late 1970's or early 1980's.

The term "theoretical surplus" is used to suggest that we can usually count upon having some acts of God and some untoward and unplanned acts of men and governments which reduce production. Accidents, such as slides and cave-ins, shortages of essentials, unscheduled delays, strikes and unforeseen happenings eat more deeply into surplus than planned for by the customary averaging formulas and calculations. Most mining properties have been operating for some time now at maximum capacity to supply the demand. Plants operate more efficiently at about 90% of capacity, and cannot indefinitely sustain production at an all-out rate.

In recent years copper has been seriously challenged by other materials because of metal shortages and dislocation of supply and too high prices. To meet that challenge, we badly need the projected surplus capability in the first half of the 70's to let copper fight back and find its proper competitive position in the galaxy of metallic elements. Perhaps it would be better if we thought of this surplus as being a capacity capability. I do hope we have reached sufficient maturity not to produce substantial excess amounts of metal we can't readily sell by aggressive marketing.

Of course, copper is in a fiercely competitive battle with other elements and materials. Consumer industries can now scientifically evaluate the relative merits of different metals, alloys and materials for every industrial application. In the United States in 1970 over $21 billion will be spent on research and development. As much as $200 million or more will be spent on non-ferrous metals research alone. It is inevitable that this outpouring of research and development activity within the United States, plus very large efforts in other parts of the world, will result in more substitutions for copper and many other metallic elements as well. The copper displacement will likely be particularly evident in the electric power and communications industries as they adopt more solid state devices, cryogenic techniques, multiplexing, lasers, satellites and other technical innovations.

In spite of all this activity the Copper Development Association, after an exhaustive study, has concluded that reports of substitution inroads into copper markets in the United States are "vastly exaggerated," with inroads of 5% or less per year in only a few markets. In all other markets copper has successfully resisted competition and seems likely to continue to do so.

In fact, copper usage in consumer products, building construction and transportation over the past decade has grown faster than those markets themselves. Consequently, many United States producers now feel that the rate of substitution for copper is decreasing and will not be a major threat in the 1970's unless there are some major technological breakthroughs or serious copper shortages, or prices again get to far out of line. This situation may be somewhat different in Europe but new and compensating uses are evolving in all markets and this will be particularly evident in under-developed and developing countries.

Copper has found and is finding new uses and new applications. The trouble is that we have not been able to exploit them for lack of metal, coupled with high metal costs. Copper's pre-eminence among metals will be reaffirmed by a growing demand. The industry's aggressive development programs are expanding copper and copper alloy uses one after another. Let me name some examples: skyscraper curtain walls . . . modern sculpture and decorations . . . automotive power brake systems . . . electric cars . . . huge water desalting and purification plants . . . new "Sovent" drainage systems . . . modern appliances and home furnishings . . . space and environment equipment and guidance systems . . . automation through computer and other electronic controls.

These and other new applications for copper may be reasonably expected to more than offset displacements in the future.

Still another phase of consumption which warrants attention at this time is the increasing quantities of copper that are finding their way into communist and third world markets by means of barter and new trade pacts. While these transactions involve only moderate quantities of copper at present, they do presage a gradually increasing copper consumption in those countries, and a faster rate of world-wide copper consumption in the years immediately ahead.

Before proceeding further it may be well to bear in mind that there is no known industrial metal, including copper, for which the world has a diminishing demand—except during periods of economic recession. We will need each and every element to answer human needs and desires.

Recently the outlook for copper ore reserves has expanded as the industry has succeeded in finding a significant number of both concealed and deeply buried ore bodies in several traditional copper-producing areas, by using techniques and instruments unknown ten years ago. At least ten of these finds are of major size. Also, improvements in mining and metallurgical efficiency have made the mining of lower grade ores profitable, and thus further increased the reserves of mineable copper and other minerals. In particular, mechanization in the form of big trucks, excavators and conveyor belts has increased the productivity of large open pit mines of the so-called porphyry type.

The world's copper reserves can be grouped broadly into two categories, namely large porphyry ore bodies and non-porphyries. The latter type include replacement deposits, fissure veins, bedded sedimentary occurrences and other kindred types found commonly throughout the world. The porphyry coppers are confined largely to the rims of the Pacific Basin extending on the American side from Alaska through British Columbia, Western United States, Mexico and into Peru and Chile. On the Asian side they skirt the island arcs extending from the Philippines through New Guinea and the Solomon Islands and Southern Polynesia. A second major porphyry belt flanks the easterly trending mountain ranges that extend through the Caucasus Mountains, the Middle East and across Southern Russia. It is a reasonable estimate that of the total world reserves of approximately 300 to 350 million tons of copper metal contained in mineable ores at least two-thirds and possibly as high as three-fourths of such total reserves are contained in the two porphyry provinces; one around the Pacific Rim and the other bordering the Russian Steppes.

The rest of the world's significant copper deposits are generally located principally in Eastern Canada, South Africa, a major replacement deposit at Mt. Isa, Australia and, most importantly, the Central African Copper Belt. In Central Africa copper occurs within stratfied rocks in high grade concentrations that form a broad arc from Katanga in the Belgian Congo through Zambia. Although the African copper properties, important as they are, do not contain the enormous tonnages of crude ore represented by the porphyry deposits, they are economically of the first order of magnitude because of their high copper content. For the long term, however, the greater part of the world's copper supply will come from the lower grade porphyry deposits.

Of course, world-wide reserves are not the best indicator of primary copper supply near-term for two reasons. First, it takes four to six years to bring significant ore bodies into production. Second, they are nothing but "piles of rock" until money, technology, labor, management, a favorable investment climate, and human ingenuity are brought together to make mines of them. Potential mines exist but real producing mines are made.

In finding potential mines and creating new ones our industry must increasingly rely on new technology. There is time for only a quick review of the changing technological revolution in our industry, the results of which will become more evident as we move more deeply into the 1970's.

We are rapidly developing better exploration tools for locating possible mineralized anomalies and we are hoping, with some encouragement, for a breakthrough that would tell us more about the nature or content of the anomaly. Our techniques in geochemical exploration are improving. We are learning to detect emissions of heat and trace elements from the earth by sensors and photo recording devices flown at high and low levels over the earth which would help pinpoint mineralized areas of interest.

Better drilling tools and techniques have been developed, together with laser-beam surveying and use of drill holes as entry for instruments to tell us much more about the surrounding rock environment than we can learn from just an examination and analysis of the drill cores and cuttings.

The knowledge gained in the geosciences, but particularly in geological interpretation of the earth's history and the drift movement of the continental plates, gives us new opportunity for helpful new regional and environmental mineral concepts. We know much more of how and why mineral deposits were formed and what is good hunting territory. Long range, these and other scientific developments will have more to do with the mineral industry's future than most of the things we fret and worry about.

I expect a renewed interest in men following mining as a career, as they will be stimulated by the varied and changing characteristics of the job. Future operating procedures are going to be so mechanized and computerized that the highest skills and intelligence will be needed. Mine management jobs will be more attractive because of a greater creative challenge and a higher sense of participation. Incidentally, these men will demand and get high pay as an incentive, but they will earn it by their productivity.

We can expect as much improvement in size and quality of equipment and in innovation in open pit mining in the next decade as in the last ten years. You will probably use fifty-yard mobile shovels and front end loaders, 225-ton scrapers, 300-ton trucks, mammoth drag lines and wide, fast and reliable conveyor belt systems for rapid transit. Tomorrow's equipment will not just be bigger—it will also be more flexible and will be designed to fit particular purposes and solve unique problems.

The improvements in underground mining will see even more astounding innovations in better breaking, mucking equipment and methods of transportation and in gathering and storing systems. We are finally breaking away from simply improving what we inherited from the ancient past. We will control conditions underground and get the ore in the plant by new ramp systems, hoisting techniques and even by pumping under certain conditions. We have proved the worth of slurry pipelines for moving concentrates over rugged terrain and can no doubt adapt this principle to broader uses. Of course, we will go deeper into the ground and under the sea to gather the greater mineral wealth that lies there daring our coming to take it.

The marvelous improvements in extractive metallurgy will, in the coming two decades, be like having many of the old alchemist's dreams come true, for we are now beginning to get the construction materials to solve in a practical way some of those laboratory nightmares that defied solution for so long. These techniques will not force abandonment of improvements of what we already have, but we will not be so dependent upon traditional mineral dressing practices and methods. For the first time we have the ability to build and maintain large volume closed circuit chemical processes to win the metal from the rock. These are surely coming to aid in the recovery of copper, lead, zinc, aluminum, nickel and other minerals from complex, low grade and difficult ores, and even from tailings and some waste dumps. As a dividend from pollution control we are going to have enormous tonnages of cheap acid, elemental sulphur and other chemicals for use in solution mining and metallurgical treatment.

Technology can help us to counteract the several diverse pressures leading to higher costs in the mining industry, but some major breakthroughs are needed. One such possibility is that very large and low-grade copper deposits not previously profitable to mine might soon be fractured by nuclear explosion or other high-pressure technique and chemically leached of their copper contents, as is now being demonstrated in uranium mining.

In metallurgy, especially, I believe we are on the verge of discoveries with enormous implications. Our industry is dealing with the metallic elements, those building blocks from which almost everything in the world and the universe is made. We are learning to alter their nature and create new combinations of mineral elements. Of the one hundred odd elements found in nature, about 80% are metallic. Over the eons of the earth's history some of these elements have undergone mutation through high radiation from bursts of solar energy, through exposure to extreme heat and cold and from other phenomena. Now we are learning to create such changes in the laboratory and in production plants through mixing or alloying these elements in a vacuum, in an inert atmosphere, in a magnetic field, under radiation or many other exotic environments and conditions. As a result new materials with new characteristics emerge and we are learning to form, manufacture and use them. There are literally millions of possible new combinations. Having such new elemental

materials to work with can and is opening a whole new world of structures and *construction* materials.

Of course, we must realize that it is not possible to have a technologically based society without making some changes in the environment and producing some wastes that require disposal. In maintaining the necessities and amenities of life we have created problems.

I wish there were more time this morning to deal with *man's newest crusade, ecology*. I am proud that the mining industry has, for a long time, been in the forefront of this work. We have done much. More has to be done and in less time. Our job is to see that industry, the government and the public all get their money's worth.

The conquest of pollution and recovery of an acceptable environment will add another cost factor which we cannot recover from waste products nor assess promptly enough upon the consumer. I think we in the United States should apologize for exporting worldwide another problem before we have the solution ourselves.

At the same time we know that this is the first generation which has the skills, sufficient ability and technological know-how to solve these problems if we will orient ourselves and apply them. There will be difficult problems in applying these skills and technologies and in allocating the costs of pollution control. With intensive development of new technological processes and procedures the mining industry is progressing rapidly toward a solution of many of the most aggravating of these problems. It will not advance the cause to enact untimely and excessive pollution standards that cannot be achieved simply to fulfill an emotional need.

A comprehensive study of the problem of pollution indicates and estimates that the rising curve of pollution could be leveled off in the United States in ten to twelve years, without interfering with essential services, through the expenditure by industry and government combined of some $30 billion to $40 billion per year. Initially, we would not have the technology at hand properly to utilize these sums, but if we saved the balance for future spending we would accumulate enough money and knowledge in the course of ten to twelve years to arrest the increase of pollutants, although we would not materially reduce the total volume of them. Moreover, if this were once accomplished we would then have the opportunity, during the second decade, to work upon reduction of pollutants and in time reach satisfactory goals.

Of course, in the end the public will have to pay for this ambitious crusade. Only if we approach the ecological problem gradually instead of convulsively will the increased cost in terms of metal prices be kept at a relatively acceptable and manageable level. What part of these costs will be translated into price is a matter of such factors as what kind of tax treatment the government is going to grant for this type of expenditure. There is also talk of tax incentives to encourage industry to move, such as faster tax write-offs or even tax forgiveness. Suggestions have been made for low interest loans by government. Much will depend on what part government itself is going to play in research and in technological developments in this field, as well as in aiding the financing of the capital investments required. The fact is now that we simply do not have the answers to many of our most pressing and persistent problems.

I think you must appreciate that we have been incurring costs for controlling the environment for a considerable period of time. Anaconda alone has already spent over the years between $75 million and $100 million directly on these problems and currently we will spend $10 million to $12 million per year upon projects to help solve environmental problems.

In the mining industry smelting presents the most immediate challenge because fire metallurgy or burning is the basis of the process. Some major producers, including Anaconda, are now in the pilot plant or advanced stage testing new processes for producing pure copper from concentrates in a closed chemical circuit, thus eliminating reduction by fire metallurgy. Such a system could reduce the cost of smelting and refining as well as eliminate objectionable emissions into the atmosphere.

The increasing amounts that are being spent on pollution controls are, of course, only one factor in the steadily rising cost of producing copper. Since World War II the cost world-wide has been going up, on the average, slightly more than 5% per year. This trend will likely continue. The older producing areas of the world are being tapped of ever lower-grade ores. For example, in the United States back in 1890 the average ore grade was 6% content; by 1925 ore with 1.5% copper was mineable at a profit; and today we are developing both open pit and underground mines with ores containing less than ½ of 1% copper. Throughout the world, the average grade of ore being mined today is about 1% recoverable copper and this grade will be reduced the longer our reserves are mined. Already capital costs for plant have risen from about $1,500 per ton of annual capacity in 1945 to over $3,000 ton of capacity today. One prophetic soul has estimated that this figure will reach $5,000 per ton of capacity by the year 1980.

Assuming the 1970 cost figure is reasonably accurate, when it is multiplied by the tonnage of capacity extensions planned over the next five years we are talking about more than $6 billion in new capital investment. Inevitably, competition for large sums of borrowed money at this time when money is scarce and high cost further adds to the cost, as do increased expenses of operating mines in countries where political developments, extraordinary taxes, tariffs, import duties, etc. are an excessively high additional burden.

In operating economics—the cost of labor particularly—but also prices of certain equipment and machinery are rising much faster than their contributions to productivity.

The collective effort being made by the governments of the Congo, Zambia, Chile and Peru to control production, markets and prices of copper and associated mineral elements is also a factor in the world metal picture. I mention this feature particularly because it will be a dominant factor in the copper scene in the years ahead. It has caused and will continue to cause accelerated development of mineral deposits in many other areas of the world where the atmosphere is considered to be more stable and dependable. It will at the same time tend to discourage the investment of capital and the indispensable technology which goes along with capital in less inviting areas.

The activities of these governments will certainly affect prices, a complicated, controversial and extremely perplexing aspect of the copper business. Political and social forces have played a more influential role in the sharp movements of copper prices over the past several years than has simple competitive economics. As a result, producer-consumer factors and interests have been less influential in the pricing of copper than the inter-play of political events in copper producing countries, hot and cold wars, nationalization or partial nationalization of mines, continuing labor difficulties and the moods and expectations of speculators.

Of course, we have not had a two-price system but a multi-price system in copper. It largely stems from the contrasting pricing policies of the major copper producers versus those of the governments of Chile, Zambia, the Congo and Peru which four countries have an organization called CIPEC. To these prices have been added the Comex Price, the Mexican Price, and the Canadian Price, etc. It is the view of most copper producers that a degree of stability, both as to prices and to production is essential for the well-being of the industry and of the countries where producers are supported in this view by the bulk of the consuming industries and by certain world agencies, including the United Nations.

This viewpoint is not an attempt to thwart the laws of supply and demand—the traditional regulator of price—but it does mean maintaining a range of prices at all times neither so high as to cut consumption and encourage substitution nor so low as to discourage expansion of existing facilities and new mine development.

A policy of very high prices and high profits may serve present needs for foreign exchange and investment capital, but it is not well calculated in the long term to avoid substitution and thus reduce demand. The essential point I wish to make is that both short and long range decisions are made by consumers and producers in the present—now. Therefore, high prices—even for a short period of time—can lead, as does short and undependable supply, to substitution and thence to overexpansion of production capacity.

So long as the CIPEC countries account for a major percentage of copper exports and copper remains in short supply CIPEC policy may survive. But in balanced or surplus periods such as we are now entering, the CIPEC countries may lack the necessary discipline and financial resources to adhere to and enforce a high price policy. If so, rather than give up their role as price arbiters in the world copper market and incur a steady decline in copper revenues on which the governments of these countries depend so heavily they may look increasingly for customers to buy up production under long term contracts outside of established trade channels. This could easily lead to new and diverse trade pacts between individual nations and trade blocs throughout the free world, the communist world and with some third world countries.

It is my opinion that if the copper industry experiences a prolonged period of oversupply in the years immediately ahead we shall see some marked changes in the traditional marketing of copper. Competitiveness is bound to be a larger factor in the 70's than it was in the 60's, for in addition to other competitive factors, we must add statism to the equation.

So the future of copper is tied up not only with matters of ore grade and metallurgical developments, production, capital costs, marketing and price systems, but also and perhaps primarily with political events and climate. The more developed countries of the world whose industry is owned, controlled and operated largely in the private sector and under a free enterprise economy cannot afford to sit idly by while some less-developed or developing countries control markets, prices and use of raw materials to the detriment of the consuming public. The reaction of consuming nations will be and is to develop ore bodies, including large low-grade deposits at an earlier date than would otherwise have been the case. This over capacity excess production situation could badly upset the demand-supply picture as a depressant in the 1970's unless a statesmanlike approach is taken in production and marketing practices and in pricing.

Until now, few nations have had a consistent, well defined national minerals policy. Two notable exceptions are Japan and Germany, which have been singularly successful, although they are not metal producing countries, but metal users. Each has a coordinated plan and an overall direction embodied in an integrated policy backed by their respective governments. And now, in the United States, a national minerals policy law has passed both houses of Congress and appears headed for adoption. More and more nations are becoming aware that they must have a minerals policy consistent with obtaining their metal

requirements and utilization thereof. In so doing, they too will encounter the problems of how to apply capital and technology in the underdeveloped and developing nations in a way that will benefit both metal producers and users. Investment goes where it is invited and encouraged and generally stays as long as it is welcome and well treated. There can be no successful transfer of technology and know-how without investment. For investment supplies the motivation and keeps the transfer updated.

One suggestion given at an international banking conference recently is the possibility of creating a new, multi-national entity to insure investments in less stable areas of the world. It seems that multi-national sharing of risks, by offering more protection and certainty than could a single nation agency, would help stimulate and encourage such needed investments. It could also provide a more uniformly available and suitable protective coverage (at a uniform competitive rate), which would also act as a deterrent to expropriation.

It is abundantly clear that in some cases there may be from time to time a desire, or even a compulsion, that production levels, price levels and other aspects of the business be responsive more to localized sociological-political economics than to the hard facts of the world market place.

Such desires could conceivably have some short term advantage but be contrary to long range interests. In the face of localized problems and political pressures preservation of long range interests will require some hard, and often painful, decisions.

There are many people in the industry who are fully competent to deal with the classic mining elements, the geologists, the engineers, the metallurgists, the financial experts, the marketers—but it is going to take something more to deal with this last new element and its consequences.

I believe I said "This is going to take statesmen." It is going to take men in responsible positions in private industry and in government who will look to economics, proven and basic, and to sound business practices, unfettered by short term political considerations, to create and preserve long range benefits and goals and act accordingly.

I believe there are such men. I believe they do exist. I believe that all of us realize that the need for statesmanship throughout the industry was never greater. We can only hope that sound judgments, good reason and high dedication to the overall best interests of all the people, will somehow prevail.

I thank you.

EFFECTS OF TAX REFORM ACT OF 1969 ON OIL AND GAS COMPANY PROFITS

Mr. HANSEN. Mr. President, only 2 days ago, I entered in the RECORD a report by Price Waterhouse and Co. on the effects of the Tax Reform Act of 1969 on oil and gas company profits and the future availability of adequate supplies of these two vital sources of energy.

I remarked in connection with the report that Federal authorities have imposed on the petroleum industry a regulatory climate that ignores economic reality. The Council of Economic Advisors released their second inflation alert that same day and was critical of the petroleum industry for recent crude oil and gasoline price increases. Also that same day, the Washington Post published on its editorial page a feature story entitled "Looking Into the Price of Oil."

Mr. President, I believe my record here in the Senate has been consistent in support of sound Federal fiscal and monetary policies and in opposition to the continued proliferation of appropriations above and in excess of a balanced budget which in my opinion, has been the chief cause of inflation.

The result has been, of course, a vicious cycle of price and wage increases.

In spite of the administration inquiry into the recent oil price increases and the criticism of the inflation alert report, a fair and impartial investigation will undoubtedly support the basic necessity of the increases if we are to maintain a healthy domestic oil industry capable of developing the reserves necessary to provide the only reliable source of energy that can keep U.S. commerce and industry moving and furnish the oil and gas necessary for heating, cooking, cooling in most American homes.

Mr. President, the Council of Economic Advisors was critical of the increase in the price of crude because, the report said, petroleum inventories are at a level higher than is normal for this time of year and that apparently in response to the high level of inventories, the Texas Railroad Commission has cut back the levels of production in Texas for December. Members of the Council apparently have rather short memories and should look back to September when the chairman of the CEA said in a statement on the fuel situation for the winter of 1970–71, and I quote:

> We call upon the petroleum industry, the coal industry, the railroad industry and others, in the light of the national need, to increase the supply of fuels, as is made feasible by economic factors. We also ask the cooperation of the coal miners, the railroad workers and other fuel and transportation workers to help avert a fuel shortage.

Mr. President, the petroleum, coal, and railroad industries did respond and did so without hesitation. Within a few weeks Gen. George A. Lincoln, chairman of the Oil Policy Committee was able to announce that threatened fuel shortages in New England had been taken care of and that inventories in that area were higher than at the same time a year ago. This was because, Mr. President, the domestic petroleum industry had the excess producing capacity to make up a shortfall of some 300,000 barrels per day of foreign oil and had the capability and flexibility of converting refining facilities to produce some 250,000 barrels of residual fuel oil that was short because of the Middle East situation and tanker shortage.

But as I pointed out, Mr. President, the total imputed industry effect of the Tax Reform Act of 1969 on the industry, based upon the data for 1968 earnings is approximately $658. Those of us who opposed these changes at the time pointed to declining development of reserves of both oil and gas and the need of higher capital and exploration expenditures rather than less.

The added tax burden on the petroleum industry is estimated to be the equivalent of a 25 to 30 cent increase in the price of crude—about the same as the recently announced raise.

After extensive hearings last spring, the House Interior Committee said in supporting the oil import quota program—with recommended changes—that "few, if any, other major industries have done as well in holding the line on price increases as has the petroleum and natural gas industry."

Mr. President, those who insist on more and more imported oil refuse to face the fact that our present energy crunch is largely the result of imports—more than 90 percent of the east coast residual oil and a substantial part of all east coast refinery crude input has been from foreign sources. There have been no quotas on east coast residual imports for several years. The present high price of residual oil is because of almost total dependence of east coast users on the world market.

It is only because of the viability and the flexibility and the State conservation and market demand prorationing laws that the petroleum industry had the capability of preventing a real fuel and energy crisis in the United States this winter.

Assistant Secretary of Interior Hollis Dole recently pointed out the fact that there has been a massive shortfall in crude oil imports to the east coast—300,000 barrels a day—but that the one thing that has kept this event out of the news media has been the increase in production from the prorated wells of Texas and Louisiana.

So the industry that has saved the east coast from its overdependence on foreign oil is now snarled at by those who insist on more imports which are not available even at prices now higher than domestic prices.

But as Secretary Dole says, the east coast is now short at least half of the crude oil imports it would normally receive and not one person in 10,000 is even aware of it because domestic production has made good the foreign deficiency.

Dole warns, however, that—

> . . . if this scenario, or something similar should be repeated a few years from now—and I am ready to predict that it will—then I can assure you that everyone will know about it. There will be grave concern at the highest levels of government, and all kinds of extraordinary remedies proposed, including rationing and end use control and the newscasts and newspapers will be full of accounts of the great oil crisis on the East Coast.
>
> One would have to go back to the months following Pearl Harbor in early 1942 to find a suitable parallel.
>
> This will happen because we are rapidly losing our cushion of spare productive capacity, and at the present rate of disappearance, it will be gone entirely within the next few years. When it is gone, we shall feel—for the first time—the full force of foreign oil supply interruptions directly as they occur. This will be something totally new to our experience: to be dependent upon foreign oil sources not only for a substantial part of our normal supply, but for all our emergency supply. Yet, ironically, it has been the failure of foreign oil supply that has been the cause of all our emergency needs for oil since the end of World War II.
>
> This disappearance of spare productive capacity will have its effect upon the way in which we have traditionally chosen to supply the petroleum needs of our Armed Forces. Currently, more than half of their petroleum support is drawn from foreign sources. The volume of these offshore procurements approximates a half million barrels a day during the current fiscal year. We have been able to do this at an acceptable risk, until

the present, because in a pinch we had the spare capacity in our domestic petroleum logistics system to replace our entire offshore procurement with domestic products and at the same time honor the full requirements of the civilian economy. Our offshore military procurements have, therefore, constituted a latent but non-exclusive claim upon our domestic supply of petroleum products until now.

With the passing of our spare productive capacity, however, this claim will cease to be non-exclusive and instead become preemptive. And it is very likely to do so at precisely the moment when imports to the United States have also been cut off, so that the force of the interruption will fall with double weight upon the civilian economy.

Or listen to what some others have to say about the U.S. oil and gas squeeze. About the time the Chairman of the Council of Economic Advisors and the Director of the Office of Emergency Preparedness were calling on the petroleum industry to bring forth new fuel supplies to make up an import shortfall, an interesting article appeared in the Washington Star. This article points to the Nation's tumbling energy resource structure.

That is not the view of an alarmist, the writer observes, but a documented staff report of the Federal Power Commission.

The article points to the growing self-sufficiency of the Communist world in oil and gas while the United States is rapidly using up its excess capacity and becoming more and more dependent on foreign sources.

The article quotes a former president of the American Association of Petroleum Geologists as saying there is enough crude oil and natural gas beneath U.S. soil and that the future discovery potential of the United States remains very high. But he cites the profit squeeze caused by increasing costs and fairly static crude prices for an almost uninterrupted decline in exploratory drilling for more than 10 years. He adds that now when the Nation needs new discoveries we find the Government cutting tax incentives and threatening lower crude prices by brandishing the club of increased import of foreign crude.

Mr. President, I ask unanimous consent that the entire article be printed in the RECORD.

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

USE IS SOARING: U.S. OIL, GAS SQUEEZE SUGGESTS FUEL CRISIS

(By Guy A. Goodine)

TULSA, OKLA.—Could it happen to the United States as it did to Japan in the 1940s?

The nation's energy resources structure is tumbling. That is not the view of an alarmist or of an oil industry looking for higher prices. It is a documented staff report of the Federal Power Commission.

The U.S. is using 14.4 million barrels of petroleum products per day. That is an increase of 50 percent over 1958, and it is expected to increase by 56 percent in the next 10 years. Seventy-five percent of the nation's energy is supplied by oil and gas.

During the final stages of World War II, much of Japan's forces were grounded because they did not have fuel for ships and aircraft.

The Arab-Israeli conflict made itself felt in Japan with domestic needs soaring yearly and dependence on imports at a peak.

Now the Communist world is beginning to overtake its problems of self-sufficiency in the petroleum market. The American Association of Petroleum Geologists says Communist China has become nearly self-sufficient with total proved, plus probable reserves, and production showing tremendous gains.

Poland has an active petroleum industry; new discoveries in Hungary are reversing its dependence on imported oil and gas; Yugoslavia's oil industry is growing on all fronts; Bulgaria is in a long-range program expected to double its output by 1980, and the Russian oil industry is booming.

Kenneth H. Crandall, former president of the AAPG, says the U.S. oil industry has found itself in a paradoxical situation.

"The nation's requirements for petroleum products continues its steady escalation and, since new discoveries are not keeping up with rising production, this is resulting in rapid use of our excess producing capacity," Crandall said.

He agrees there is enough crude oil and natural gas beneath U.S. soil and "future discovery potential of the U.S. remains very high."

But he cites the "profit squeeze caused by increasing costs and fairly static crude prices" for an almost uninterrupted decline in exploratory drilling for more than 10 years. He adds now, when the nation needs new discoveries, "we find the government cutting tax incentives and threatening lower crude prices by brandishing the club of increased imports of foreign crude."

Crandall isn't hitting the "panic button" as some congressional witnesses have in testimony that said national security was being jeopardized by lack of petroleum production.

He does say, however, "one cannot help feeling that the U.S. public has not been brought to realize the predicament it is in."

Mr. HANSEN. Another ray of hope, Mr. President, is the final recognition of the dangers inherent in foreign oil dependence by even some from New England, an area whose representatives continue to demand an end to oil import quotas in spite of recent events.

In a speech in October to the Northern Textile Association in Whitefield, N.H., Charles W. Colson, special counsel to President Nixon, reversed his stand on the oil import issue and said that recent events had proved "how questionable many of our basic assumptions were."

Colson was honest enough to admit that he had not fully understood the implications of almost total dependence on supposedly secure foreign sources of petroleum.

We just can't keep blaming the quota system, even if it is the handiest "whipping boy."

He said:

The effect of the quota program, while admittedly resulting in higher oil cost to the consumer through the 60's, has left us less captive to the current disruption than we otherwise would have been. If we had not maintained a reserve production capacity in the country, had we not protected the domestic oil industry, had we not maintained imports at something around 12 per cent of total domestic production, we would in New England and elsewhere today be experiencing a major shortage of oil—not just a tight supply situation. If we had truly become dependent on imports, we might very well be out of oil altogether. In fact, it is the oil import quota program which has protected our domestic capacity which will prevent a shortage.

Mr. President, that is the message the public needs to know rather than the continued attacks by the industry's chronic detractors and the same tired old arguments about State production controls, more imports from Canada while Canada imports more than half her own requirements and singling out the petroleum industry for the threat of price controls which have proved such a miserable failure in the case of natural gas.

Mr. President, the chairman of the Council of Economic Advisors, Dr. Paul W. McCracken recently suggested a reexamination of east coast overdependence on imported oil, particularly residual oil.

In view of the hard lessons learned in the present emergency—lessons some apparently refuse to learn—there may be a need for legislative quotas. The dangers inherent in any significant dependence on eastern hemisphere oil or natural gas may indicate the need for some kind of legislative limitation to guard against a recurrence of the events of recent months and other shortages brought on by Middle East explosions of previous years.

As Secretary Dole noted, it has been the failure of foreign oil supply that has been the cause of all our emergency needs since the end of World War II.

The Senator from New Hampshire (Mr. MCINTYRE) and I have debated the shoe import against oil import question before. I note that he has entered in the RECORD, the percent of total market supply of imported footwear which, according to his figures, is estimated at 29.5 percent for 1970.

He says that more than 85,000 job opportunities for American workers will be lost this year because of shoe imports. He predicts that by the year 1975 it is expected that more than 175,000 job opportunities will be lost unless we do something now.

I agree with the Senator from New Hampshire and would like again to point out to him that the penetration of oil imports into the U.S. market is even higher than his figure for shoes, according to the latest statistics.

The 12½ percent of domestic crude production limitation on imported crude is absolutely meaningless because of exemptions and exceptions that have been made in the program since 1965.

As I mentioned, there are no quotas at all on residual imported on the entire east coast and other exceptions have been made for other areas.

The latest figures show that total crude imports from all sources are at the rate of 1,363,000 barrels per day and that refined products, principally heavy fuel oil, are 2,001,000 barrels per day. Domestic production—crude and natural gas liquids—is at the rate of 10,058,000 barrels per day.

That means we are actually importing at the rate of 33.4 percent of domestic production.

So I agree with Senator MCINTYRE that we need to realize exactly what is happening to domestic shoe, textile, oil, steel, and other domestic industries.

As one of those who supported shoe quotas in the trade bill, I appreciate

Senator McINTYRE's remarks in the RECORD about those of us who "refused to let a cruel blow be dealt to these Americans by dropping the shoe section out of the trade bill."

I hope Senator McINTYRE will be equally concerned about oil workers and, in fact, his own constituents who could find themselves in for a cold winter were it not for the domestic oil industry.

Those who continue to assail the petroleum industry in the interest of consumerism may actually be doing the American consumer a great disservice.

I believe the American consumer would prefer to pay a fair and equitable price for a secure and dependable supply of gas, oil, gasoline, and electricity rather than save a few cents on a foreign supply that could be curtailed or cut off at the whim of a dictator or by the joint action of oil producing nations. About three-fourths of the known free-world oil reserves are in the Middle East and North Africa, certainly not one of the more stable areas of the world.

The Price Waterhouse study of 38 American oil companies to which I referred shows that despite a 7.9-percent increase in revenues by the group in 1969 over 1968, net income fell 1.6 percent. On domestic operations, the rate of return declined from 12.2 percent in 1968 to 11 percent in 1969, and this rate of return was significantly below the average return of 11.7 percent reported for all manufacturing companies.

Those who continue to single out the oil companies for price policies that are inevitable if they are to remain solvent choose to ignore the facts brought out in the Price Waterhouse report.

Rather than the continued harassment to which America's principal energy industry has been subjected it is past time that the Federal Government offered some encouragement toward development of the domestic energy sources necessary for our rapidly increasing future requirements.

And the public should know that compared with other prices, crude oil, home heating oil, gasoline, and natural gas have not reflected the inflationary trend nearly as much as other products, and that the petroleum industry has absorbed a large part of its higher labor, steel, machinery, and other costs in an effort to avoid price increases.

THE SON TAY RAID

Mr. FULBRIGHT. Mr. President, the specter of American servicemen languishing in North Vietnamese prisons and the thought of wives and families not knowing the fate of men missing in action in Vietnam stirs our emotions. None of us like this situation. All of us would like to have these men back and for these families to be reunited.

This was an emotional matter long before the recent unsuccessful effort to rescue POW's from the compound at Son Tay, near Hanoi. Based on mail I have received in the last few days, that effort and subsequent publicity have made it even more of an emotional issue, to the extent that it frequently obscures reason.

I was aware that in questioning Defense Secretary Laird when he volunteered to testify before the Foreign Relations Committee that I would inevitably be accused by some of disparaging those who conducted the raid or not caring about the prisoners. Nothing could be further from the truth, as I pointed out at the time of the hearing.

On a number of occasions I have stated my position on this subject. I have corresponded with constituents and other interested persons, and I have, like most Senators, met with families and friends of those missing or held captive. My position has always been that the only sure way to bring all our men home—including the prisoners—and to insure that the POW list does not grow is to bring an end to the war, and I have dedicated myself to this purpose.

In June 1969, I wrote a letter to Ho Chi Minh, then the North Vietnamese President. In this letter, sent with the approval of the Department of State, I referred to the question of the prisoners as a "purely humanitarian one" and made a personal appeal for names of American prisoners to be made public.

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

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

JUNE 26, 1969.

President HO CHI MINH,
Hanoi,
Democratic Republic of Vietnam.

DEAR MR. PRESIDENT: I am sure that you know how much I would like to see an end to the war in Vietnam which has brought such sorrow to the people of your country as well as to the people of mine. One of the most tragic consequences of any war is that questions which seem obviously to be purely humanitarian in nature often become enmeshed in political and military issues.

One question that seems to me to be in this purely humanitarian category is the identity of those being held as prisoners of war. The anguish of those American families whose men are missing in Vietnam is all the more severe when they do not know whether or not these men are alive because they do not know whether or not they are prisoners.

I am writing to make a personal appeal to you to make public the names of those Americans you are holding as prisoners of war. I believe that such an action on your part would have an important beneficial effect on public attitudes in this country.

Sincerely yours,

J. W. FULBRIGHT,
Chairman.

Mr. FULBRIGHT. Mr. President, shortly before his death, I received a letter from Ho Chi Minh, dated July 25, 1969. I would like to quote one relevant paragraph:

With regard to captured American military men, the question will be solved at the same time as the whole of the 10-point solution. It cannot be taken up as a separate issue, and the Nixon Administration must bear full responsibility for the delay in the settlement of this question as well as that of the Vietnam problem as a whole.

Earlier this year, at a time when Americans were being urged to write the Premier of North Vietnam on this subject, I wrote to the Premier, Pham Van Dong. To this date I have received no reply.

I ask unanimous consent to have my letter of June 24, 1970, printed in the RECORD.

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

JUNE 24, 1970.

His Excellency PHAM VAN DONG,
Premier of the Democratic Republic of Vietnam, Hanoi.

MY DEAR MR. PREMIER: A year ago I wrote President Ho appealing to him to make public the names of those Americans your Government is holding as prisoners of war. I now make the same appeal to you to publish an official list of those American military personnel held prisoner by your Government.

In his reply to me, President Ho stated: "With regard to captured American military men, the question will be solved at the same time as the whole of the 10-point solution, it cannot be taken as a separate issue. . . ."

The terrible plight of prisoners should not be involved in a dispute over political and military issues. Irrespective of the nature of the conflict, a prisoner is, in the words of the Geneva Convention of 1949, in the hands of a detaining power "as a result of circumstances independent of his will." He should be promptly identified, afforded an adequate diet and medical care, permitted to communicate with other prisoners and with the exterior, promptly repatriated if seriously sick or wounded, and at all times be protected from abuse and reprisals. These are purely humanitarian considerations, not political or military.

We know that the war has brought tragedy, sadness, hardship and uncertainty to the people of your country, as well as to people of mine. I am, in my official capacity, doing everything I can to end this tragic affair, and believe that any humane action on your part in regard to American prisoners of war would have an important beneficial effect in hastening this objective.

Sincerely yours,

J. W. FULBRIGHT.

Mr. FULBRIGHT. On October 3, 1969, I placed in the RECORD a resolution passed by the International Conference of the Red Cross and a message from the American Red Cross, calling on all parties in Vietnam to adhere to the Geneva Convention of 1949 on the protection of prisoners of war. I associated myself with this appeal and indicated my strong support for the efforts of the Red Cross. I said:

I abhor, as I know all Senators do, the fact that North Vietnam has failed to abide by the provisions of the Geneva Convention on Treatment of Prisoners which it signed.

The leaders in Hanoi should know that the American people, although divided over the war, are united in their concern for American prisoners; wherever they may be held.

I have done everything within my power to persuade the North Vietnamese to give decent treatment to U.S. prisoners and to release their names. I shall continue to do so.

In a letter of the same date I informed Mrs. Bobby Vinson of Alexandria, Va., now national coordinator of the National League of Families of American Prisoners of War and Missing in Southeast Asia, of a conversation with Prime Minister Alaf Palme of Sweden in which I raised this problem.

Mr. President, I ask unanimous consent to have this letter printed in the RECORD.

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

JUNE 8, 1970.

Mrs. BOBBY VINSON,
Alexandria, Va.

DEAR MRS. VINSON: Mr. Hoyt Purvis of my office has told me of your interest in having me discuss with the Swedish Prime Minister the matter of American prisoners in North Vietnam. I did raise this question with the Prime Minister when he came to the Committee last Thursday, and he assured me that he is attempting to do everything he can to persuade the North Vietnamese to treat the prisoners with consideration and, if it is at all possible, to have those who are sick released. He has already taken the matter up on other occasions, and he says he will continue to do all that he can.

With best wishes, I am,
Sincerely yours,

J. W. FULBRIGHT.

Mr. FULBRIGHT. Mr. President, I have cited these several examples as evidence of my continuing concern about this matter. There appears to be an effort on the part of some to imply that those who question our policies in Vietnam do not care about the prisoners. This is as absurd as the implication during the recent political campaign—which the American people did not buy—that law and order is a partisan issue. It is not a partisan question, just as the matter of the prisoners is not a partisan one, but a humanitarian question, which transcends political differences.

I must state, however, that I remain unconvinced that the commando raid on Son Tay was the best way to bring about the release of all the prisoners, despite the courageous and bold action of those who took part. As I understand it, if the raid had been successful, some 15 to 70 POW's might have been rescued. This assumes that all the prisoners, some of them undoubtedly enfeebled, would have made it. The planners must also have assumed that there would be no retaliation against the other Americans being held prisoner at other places, an assumption I hope is valid but do not believe is well founded. I understand there are more than 400 Americans known to be in North Vietnamese hands and about 400 listed as missing in action in North Vietnam.

Since the mission was undertaken, I certainly wish it had been successful, although there apparently had been no prisoners at the camp for as long as 3 months prior to the raid. One of the disturbing aspects of the mission, however, was that it was undertaken in concert with a number of other actions which many would interpret as an escalation of the war, calling into question this administration's intentions. I refer to the air strikes on targets near Son Tay—which the Secretary of Defense originally denied—and the subsequent bombing in the southern part of North Vietnam.

Additionally, I am disturbed by the administration's lack of candor about this whole series of events. According to press reports, the news of the Sontay raid was made public to avoid a new "credibility problem."

The New York Times of November 29 reported:

Hanoi kept charging casualties far to the north, near its capital, however, and the Pentagon could not satisfy reporters' suspicions.

The December 7 issue of Newsweek makes this report:

At first, the Administration hoped to keep the raid a secret. Despite North Vietnamese claims that U.S. planes had bombed targets near Hanoi, killing 49 civilians and injuring a number of POWs, Pentagon spokesmen insisted that U.S. bombers had not ventured beyond the 19th parallel, some 140 miles south of the enemy capital. But when it became apparent that this contention was not universally accepted, Secretary of Defense Melvin Laird decided to "go public" on the POW operation. . . . Laird gave a partial account of the raid at a Washington news conference. But he still insisted that no "ordnance" (bombs, rockets or shells) had been used north of the 19th parallel. And he said that Son Tay had no connection with the panhandle strikes.

The Secretary was quoted in the Washington Post and other newspapers as saying:

There was no ordnance involved as far as North Vietnam was concerned above the 19th parallel involved in those diversionary missions which were flown by the United States Navy.

When Secretary Laird requested to appear before the Foreign Relations Committee the following day, November 24, he did not alter this position.

But, as Newsweek reported:

Still, many observers harbored a suspicion that the full story had not yet been told, and on Thanksgiving Day their doubts were confirmed by an apparent Presidential indiscretion. At a White House dinner for recuperating servicemen, Mr. Nixon confided to some of his guests that air strikes had been conducted in the vicinity of Son Tay to provide cover for the raid. The next day, Pentagon officials confessed that ordnance—including Shrike air-to-ground missiles—had indeed been used against enemy emplacements. But they argued that the civilian casualties claimed by Hanoi could have resulted when North Vietnamese missiles fell back to earth.

In this connection, I would also like to refer to three highly significant articles which appeared in the Los Angeles Times yesterday, December 3. One of these articles, by David Kraslow, reports that the raid on Sontay was conducted without consultation with the Central Intelligence Agency, which would certainly seem to be a most unusual procedure for this type of operation.

It has become clear beyond any doubt whatsoever, that the Central Intelligence Agency was not consulted, nor its advice requested on the subject of the presence of American prisoners at the Sontay prison at the time of the raid or during several weeks preceding the raid. Months before the raid the CIA supplied the Pentagon officials a description of the physical characteristics of the prison, but not about the presence of prisoners. Obviously the failure to ask the CIA about the prisoners' presence was not an oversight.

A second article, by George McArthur, states:

Some intelligence experts in Saigon—while denying specific knowledge of the event—think it is almost certain that leaders of the commando raid on Son Tay knew the camp was empty.

The third article is a report on a press conference held by Brig. Gen. Leroy J. Manor. General Manor is quoted as saying that American prisoners of war "probably" were being removed from Sontay about 3 months ago, just about the time the group of commandos began training for the mission.

Mr. President, I ask unanimous consent to have these three most informative articles, and an editorial, from the Los Angeles Times printed in the RECORD at this point.

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

[From the Los Angeles Times, Dec. 3, 1970]

NIXON, LAIRD ORDERED POW RAID WITHOUT CONSULTING CIA

(By David Kraslow)

WASHINGTON.—President Nixon and Defense Secretary Melvin R. Laird gave the go-ahead order for the raid on the Son Tay POW camp in North Vietnam without consulting the Central Intelligence Agency, The Times has learned.

Key senators who have been concerned about the possibility of an intelligence failure and who have been quietly probing into the background of the mission were incredulous when they learned that the CIA was not involved.

It's absolutely incredible," said one influential senator familiar with defense and intelligence matters and who has not been critical of the Administration's policy in Vietnam. "What the hell do we have a CIA and a director of central intelligence for?"

"INCONCEIVABLE" WITHOUT CIA

A former senior official who had been intimately aware of the operations of all government intelligence agencies for years said he would find it "inconceivable" to launch something like the Son Tay raid without bringing in the CIA.

Senate sources indicated that CIA Director Richard Helms may have been advised of the Son Tay operation in its early planning stage—perhaps in August or September—but that neither he nor the CIA was further consulted before the Nov. 20 raid at the camp, just 23 miles west of Hanoi.

What is particularly troubling to competent observers in Congress and elsewhere in the government is that they have believed for some years that the CIA has had agents in North Vietnam.

What information the CIA had or might have been able to obtain from agents or by other means on whether U.S. prisoners were at Son Tay before the raid was ordered could not be determined.

The CIA declined to comment on that or on the question of whether it had been consulted in the Son Tay operation.

A Defense Department spokesman said "we absolutely won't talk about" the nature or source of the most recent official intelligence available to Laird and upon which he relied in recommending execution of the Son Tay mission.

WHITE HOUSE "CAN'T TALK"

A White House official said, "I won't say one way or another whether the CIA was involved. I just can't talk about it."

Other sources said they were certain that other than interviews with the nine U.S. prisoners released by North Vietnam Laird relied on information supplied by the Defense Intelligence Agency, the intelligence arm of the Pentagon.

"I can assure you," the White House official said, "that the intelligence available to the President on this matter was as good as it could have been."

That is precisely the question that has caused deep concern in Congress, the State Department and elsewhere since the Son Tay raiders returned empty-handed and since Laird's vague testimony on the intelligence issue before the Senate Foreign Relations Committee Nov. 24.

The critical question in this regard came up in the following exchange between Sen. John Sherman Cooper (R–Ky.) and Laird:

Cooper: "Are you able to state the period of time in days between the date when prisoners of war were identified as being at this camp and the date of your mission?"

Laird: "Well, that would be very difficult. Of course, we know that, for a fact, prisoners were there because of the information from the very few prisoners who have come out of North Vietnam. But to give the dates and the movements of POWs, we do not have that kind of intelligence on the ground.

"That capability would be a tremendous asset, just as the capability of having a camera that would see through the roofs and into the cells would be a terrific asset. But we do not have that in the intelligence community at the present time."

THE 50–50 CHANCE

Cooper: "Then it was largely the photographs of the camp itself which led you to attempt the rescue mission?"

Laird: "That was, the overwhelming evidence was, of course, attributed to the very fine aerial reconnaissance which we had of the area . . ."

Laird repeated throughout his testimony: "I cannot fault the intelligence that was supplied to us" even though no POWs were found.

A White House official emphasized Wednesday that the President knew when he ordered the raid there was only a 50–50 chance that prisoners were still at the camp, but that he believed it was worth trying.

Even within the Administration, key officials are troubled over the implications of launching an operation as sensitive as the Son Tay raid without tapping the resources of the government's principal intelligence arm, the CIA. The general feeling is, at the very least, that it was imprudent.

QUESTION REMAINS

"I can't understand it," said one qualified State Department official. "It might not have made any difference in the end. The decision might have been the same. The DIA (Defense Intelligence Agency) might well have had the best available information. But not to seek the counsel of the agency whose business it is to find out what is happening in other countries is certainly a departure from established and sound practice in national security decision-making."

Why the CIA was not consulted is a question that may well be put to the Administration by either the Senate Foreign Relations Committee or the Senate Armed Services Committee.

While the White House and the Defense Department will not acknowledge that the CIA was excluded from the Son Tay operation, at least in its critical stages, it is conceded that the agency was not represented at the "decision meeting" with the President two days before the raid.

At that meeting at the White House on Nov. 18 were Laird, Secretary of State William P. Rogers, Henry A. Kissinger, Mr. Nixon's adviser for national security affairs, and Adm. Thomas Moorer, chairman of the Joint Chiefs of Staff.

NO SIGNIFICANCE

Asked why Helms or some other CIA representative was not present, a White House official said: "It doesn't mean a thing. It has absolutely no significance."

Helms did attend a National Security Council meeting with the President the following day, but the Son Tay mission was not discussed.

The White House official confirmed a published report that the President slipped Laird a note on Son Tay during the meeting.

Paraphrasing the President, the official said Mr. Nixon wanted to assure Laird that he believed the planning of the mission to be carried out the next day had been superb and that there would be no second-guessing by the President no matter how it turned out.

[From the Los Angeles Times, Dec. 3, 1970]

LEADERS OF RAID BELIEVED AWARE CAMP WAS EMPTY

(By George McArthur)

SAIGON.—Some intelligence experts in Saigon—while denying specific knowledge of the event—think it is almost certain that leaders of the commando raid on Son Tay knew the camp was empty.

It is inconceivable to some old hands knowledgeable about clandestine operations in Vietnam that a raid of such importance would be mounted on the basis of three-week-old intelligence—as the Pentagon's public statements seem to indicate.

It is equally inconceivable that up-to-date aerial photos were not available to Brig. Gen. LeRoy J. Manor, who masterminded the swoop on the prisoner of war camp 23 miles west of Hanoi.

DETAILED PICTURES OBTAINED

Even though the weather was bad in the region prior to the raid, it was not that bad all the time. Furthermore, aerial reconnaissance would not have disclosed American intentions. U.S. planes have been photographing, or trying to find, prisoner camps for four years. Startlingly detailed pictures can be obtained from planes flying miles overhead.

If this scenario is true and reasonably recent photos were available, it follows that Manor as well as Secretary of Defense Melvin R. Laird and President Nixon were well aware that American prisoners at Son Tay had been moved.

(In Washington, a White House official firmly denied, as did Defense Department spokesmen, speculation that the President and Laird knew no prisoners would be found at Son Tay but ordered the raid for other reasons.

("The President realized there would be other benefits from the mission," the White House official said, "but the primary purpose was to free our prisoners even though there was the clear possibility all along that no one would be at the camp.")

However, the view of Nixon-Laird awareness that the prisoners had been moved was indirectly supported by the raid's leader, Col. Arthur S. Simons, in his press conference statements in Washington after the raid. Asked if he blamed the absence of prisoners on an intelligence failure, he replied:

"I am not sure what you mean by an intelligence failure."

He was then asked if earlier remarks that the prisoners had been gone for three weeks indicated a lack of daily aerial reconnaissance of the camp. He replied:

"I cannot comment on the question."

Laird added: "We were reasonably confident that this particular location had been used."

Men associated with efforts in South Vietnam to rescue prisoners point out that being reasonably confident a site had been used in the past would not meet the absolute intelligence requirements one would normally expect for such a mission.

Official spokesmen at the headquartrs of U.S. Gen. Creighton W. Abrams have consistently refused all comment on the Son Tay raid. Similarly, the headquarters of Air Force commander Gen. Lucius Clay is under orders to say absolutely nothing.

Privately, however, officers in both headquarters have been engaging in some occasionally far-out speculation. It may be more than speculation, but no one will admit to any hard knowledge of the Son Tay raid and it is likely that such information is restricted to only a handful of very top-ranking people.

This speculation holds that the Son Tay raid was a carefully prepared exercise to demonstrate to Hanoi that U.S. forces could safely pierce North Vietnam's air defenses at will. The Son Tay raid was a natural complement to the major air strikes of Nov. 21–22, which were largely mounted for the same purpose.

The intent was to show Hanoi that despite continuing troop withdrawals from South Vietnam, the Nixon Administration was capable of powerful retaliation and was willing to risk considerable worldwide displeasure in using it.

Some sources consider that Laird's original contention that the raids were centered on missile and antiaircraft positions was a smokescreen. The real target was the supply line running down the coast which was bulging with East bloc trucks and other supplies being stockpiled for movement over the Mu Gia Pass onto the Ho Chi Minh Trail.

It is known that the Air Force had been itching to get at these supplies for several weeks before North Vietnam shot down a reconnaissance plane Nov. 15—the incident which outwardly triggered the aerial spectacular of Nov. 21–22.

DAMAGE UNREPORTED

Since the air raids on Nov. 21–22, the Air Force has released no assessment of the damage caused. Nor has there been any indication as to how many planes struck supply dumps and how many went after missiles and antiaircraft sites.

Sources in Saigon say, however, that the total number of sorties flown over North Vietnam was about 400. It is likely that a majority of these strikes went against supply dumps after the first wave of planes struck antiaircraft defenses.

Spokesmen at 7th Air Force headquarters in Saigon say that any bomb damage assessment, known in Air Force jargon as BDA, will have to come from Washington. In the past, such photo reconnaissance information was almost routinely released in Saigon.

Sources in Saigon say preparations for the big raids had been in the works for some time. Detailed target information already was available when the photo reconnaissance plane was lost over North Vietnam Nov. 13.

That incident provided justification for the raids and was seized upon immediately by those officers at 7th Air Force who already had been advocating a strike.

No one in Saigon is speaking officially on the subject of just when the Son Tay raid became part of the picture. Preparations for that also had been underway for several months, according to the Pentagon. It had been conceived as far back as August.

The decision to stage the two raids simultaneously was natural, military officers say, once it was decided to retaliate for the loss of the reconnaissance plane.

The planners in Washington, however, had to be aware that the raid on Son Tay probably would have more widespread repercussions in Hanoi than the air raids below the 19th parallel.

Retaliatory air raids have been staged frequently and the people of the north are accustomed to them. Hanoi's propaganda machine also has mentioned commando raids in the past, but these were, by inference, coastal probes designed to "sabotage" roads and bridges.

The landing of uniformed American soldiers in helicopters a bare 23 miles from Hanoi is another matter. It was a clear dem-

onstration that installations almost anywhere in the north are vulnerable to similar attacks. This point was not dependent on the rescue of any prisoners at all.

That is why many knowledgeable people in Saigon believe the raid went on regardless of the presence of prisoners.

Son Tay had been "cased" since last August and later Pentagon information and interviews with the men showed that the preparations had been meticulous. The chances of getting in and getting out unscathed were judged excellent, and this was certainly a major factor.

[From the Los Angeles Times, Dec. 3, 1970]

POW'S MOVED 3 MONTHS AGO, GENERAL BELIEVES

(By Stuart H. Loory)

EGLIN AIR FORCE BASE, FLA.—American prisoners of war "probably" were being removed from the Son Tay camp in North Vietnam, about three months ago, just about the time a group of commandos started training for a rescue mission, according to Brig. Gen. Leroy J. Manor.

The general, who commanded the daring mission, made the revelation at a press conference here Wednesday in which he also disclosed for the first time that the courtyard inside the supposed prison had been converted into a "garden plot" but that this had not been detected by American intelligence.

In fact, he indicated, photographs which showed the topographical changes inside the compound were misinterpreted.

"I would not say that the intelligence on the camp was not good," Manor said in replying to a question, "in that it had been identified some time ago as a prisoner of war facility. Unfortunately we were not able to tell exactly when they moved the prisoners of war. That's mighty difficult to tell."

The general saw no intelligence breakdown indicated in the fact that the prisoners could have been moved as much as three months before his men swooped down on the tiny compound only 23 miles west of Hanoi on Nov. 21 in the hope of liberating as many as 100 Americans.

GARDEN PLOT

When the first elements landed inside the camp, they found that what they thought from photographs was a prison courtyard had been turned into a garden plot, according to the general.

"There was evidence that the inside of the compound had been tilled and a garden plot had been planted inside the compound," Manor said.

Later when asked if aerial reconnaissance photographs had indicated the agricultural use to which the area had been put, Manor answered that the "photos showed us there was activity in the compound. This would lead one to believe that that activity was caused by prisoners of war if you assume that this was a prisoner of war facility."

His words here, once again, were confirmation that the raid was planned on an "assumption" that the prisoners were in the compound but no hard evidence.

Manor would not say, as other officials have refused to in the past, what the last date was that the United States had definite information that prisoners were being kept at Son Tay.

PRISONER LAYOUT

Asked what evidence the commandos had found after they had landed that the compound, which measured 185 feet by 132 feet, had been turned into a POW facility, Manor answered:

"The only evidence found that it was in fact a prisoner of war facility was the type of construction, the size of the cells and the whole layout.

"As far as how long ago it was evacuated, this is very difficult. We have said several weeks. Probably as long as three months. But again this a rather indefinite answer because the type of construction that is used in that part of the world will deteriorate rather rapidly when it is not being used."

If the prisoners had indeed been taken out three months before the raid, that would have been exactly the time training for the mission began in the scrub lands of this vast base—the largest single facility in the Air Force, covering 744 square miles along the Gulf of Mexico in Florida's Panhandle.

Secretary of Defense Melvin R. Laird has testified that he gave the go-ahead for training for the mission Aug. 11 and that actual training began Aug. 20, three months to the day that President Nixon gave the final authorization for the raid.

Thus, if Manor's estimate is correct, the whole operation, which stretched halfway around the world in scope and involved all three military services, was doomed from the beginning.

While the newly installed garden plot was growing at Son Tay, the commandos and their Air Force transport teams were practicing for the raid. They constructed a rough dummy of the compound and made, according to Laird, some 150 practice assaults at night-time.

PRECISE TRAINING

The training, Manor revealed, was so precise that experts here even developed a way to simulate the light of a quarter moon as it would shine on Son Tay the night of the mission.

Then, before the detachment left for Southeast Asia, the whole facility was dismantled to maintain security.

Despite all the problems with locating the prisoners, Manor said he would not only be willing to do it all over again but that it was his personal belief that future rescue missions should be attempted. He voluntered the belief that the North Vietnamese, as a result of the raid, would be even more strict in their security around prison camps.

The general said, however, that he knew of no plans for future raids.

President Nixon, Laird and Ambassador David K. E. Bruce, head of the American negotiating team in Paris, have all left open the possibility of future raids to liberate prisoners.

When a reporter asked Manor why it would not be feasible to land "a division" or an "Army size unit" in North Vietnam to rescue prisoners, the general replied:

"I would hope that it would be feasible," continuing:

"Speaking from a personal point of view, yes, I definitely would recommend more such raids."

[From the Los Angeles Times, Dec. 4, 1970]

POW "RESCUE" ISSUE REMAINS

Once again, as so often before in the long, sad war, events have raised troubling questions about American activities in Indochina. This time they concern the American prisoners in North Vietnam and our attempt to rescue them and such attempts as we may make in the future to help them.

Let it be said at the beginning that had the rescuers who so bravely landed at the Son Tay camp found prisoners there and brought them out, no one could have faulted the operation.

One might have wondered privately about the effect of the rescue on the well-being of the remaining prisoners, but one could have said, with thankfulness, that at least some prisoners were free from those sufferings that we can scarcely imagine, try as we may to summon up our dread and pity.

But the prisoners were not there. Thus, the operation failed. It was, as Vermont Royster of the Wall Street Journal has eloquently pointed out, an honorable failure, the kind of honorable failure the people of pride, accept.

Only it wasn't presented by the Administration as an honorable failure; it was presented as some kind of success. At which point we ourselves began to feel a little uneasy, if only because the distinction between success and failure has been blurred rather too often already in this terrible war. Our uneasiness was not diminished by the revelation that the prisoners had been gone for some time, perhaps as long as three months.

Now comes the authoritative report in The Times Thursday that the go-ahead order for the operation was given without consultation with the Central Intelligence Agency.

A little background is in order. The CIA and the Defense Intelligence Agency divide the responsibility for securing information about North Vietnam. It appears that the defense agency is responsible for intelligence, evidently mostly secured from aerial photographs, about military operations in North Vietnam; the CIA, for intelligence about the country itself, its government, the people's attitudes and so forth. The CIA, obviously, has agents in North Vietnam.

Maybe the CIA could have contributed no useful information about the presence of prisoners at Son Tay. But one would think it would have been prudent to ask. One would think the CIA would have at least been asked its assessment of the effect of the raid, whether a success or failure, on the welfare of the remaining prisoners and on the attitudes of the North Vietnamese at the conference table and on the battlefield.

As Times Washington Bureau Chief David Kraslow reported, knowledgeable men in Washington thought the lapse "incredible." Odd, at least.

One wonders why the CIA was not consulted. In so important an operation it could not have been carelessness. The lapse inevitably raises the difficult but natural question: How important was it to the planners that the prisoners actually be in Son Tay?

That question, taken with the repeated warnings, or threats, by American officials that some kind of further military action may be taken in regard to the prisoners, puts the U.S. public, it seems to us, in the position of suspecting—but not knowing—that a chance of tactics or strategy may be in the wind, and that it may be a fairly dramatic change.

Mr. FULBRIGHT. Mr. President, this all too familiar pattern of denials and then gradually shifting stories and rationales is hardly the way to avoid a new "credibility problem."

In the week in which the Son Tay raid was carried out, 65 or more Americans were killed in action in Vietnam, raising to 44,056 the number of Americans killed in action. Another 8,849 have died of nonhostile causes and 292,167 have been wounded in action. South Vietnamese battlefield casualties now stand at 116,187 killed and 247,247 wounded. The U.S. Command said 1,073 North Vietnamese and Vietcong were killed during the week, raising the number of enemy claimed killed to 683,533.

I continue to assert, as I have on innumerable occasions, that the only sure way to get the prisoners out of those prison camps, and to get all our men home, is to negotiate a settlement of the war, just as the French did 16 years ago. If we were determined seriously to negotiate, to make a forthright declaration about the withdrawal of American troops from Vietnam, I think we could see real progress in the Paris peace talks.

Every bereaved and sorrowful relative of a prisoner of war knows that as a practical matter there are only three

ways of having their loved ones returned to them.

First, there is the possibility of rescue missions of the kind tried at Sontay. That mission failed and it is exceedingly unlikely that future missions of that kind could be mounted without heavy loss of life among those who would be rescued and those who would rescue them.

Second, prisoners might be recovered by large-scale invasion and by winning the war by use of every item of warfare in our vast arsenal. Neither President Johnson nor President Nixon have been willing to take that step with its enormous worldwide consequences and vast sacrifice of additional lives.

Finally, prisoners might be recovered by bringing the war to an end by negotiations.

Of these three courses it seems to me that the quickest, surest, and most rational way to proceed is to take that step which the French took in 1954 when they realized that their involvement in Vietnam was destroying their Nation at home. They decided to leave by a certain time.

Within a matter of a few months their troops and prisoners of war had returned home.

Mr. President, I spoke earlier about this matter being a highly emotional one. The mail in recent days has brought me a number of thoughtful letters from concerned citizens. It has also brought me many highly irrational communications from persons who frequently have not tried to ascertain what my position really is, or what actually occurred in the events surrounding the Son Tay raid. Obscene and vituperative letters are nothing new, but I have received a particularly large number in the last few days.

As an indication of the kind of irrationality and emotion aroused, and to demonstrate the depth of feeling on this issue, I would ask unanimous consent to have some of these letters printed in the RECORD.

I regret that this kind of attitude exists on an issue about which all of us are greatly concerned. I do not believe it in any way contributes to the solution of the problem.

Mr. President, I have deleted the names from these letters although they are on file in my office.

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

MONTICELLO, ARK.

Senator WILLIAM FULBRIGHT.

DEAR SENATOR FULBRIGHT: As citizens of the State of Arkansas, we are writing to inform you of the shame we now feel that you, as our Senator, have brought upon us. Your Socialistic views which have been flaunted before the entire country have not reflected the beliefs which are basic to all of us as Arkansans.

Your recent actions and public expressions against the Prisoner of War Campaign were humiliating to us as United States citizens, and especially as residents of the Great State which you so poorly represent.

Be assured that our votes, though they went to you in the last Senatorial election, will not be cast for you in the future.

OSSINING, N.Y.,
November 30, 1970.

DEAR SENATOR FULBRIGHT: I wish to express my concern with your remarks concerning the recent POW raid in North Vietnam and your inexcusable lack of concern for our POW's. I wonder if the raid were successful, would you still maintain your stand against it? Why have you never spoken out against the intolerable conditions of our men, and my husband are enduring and why haven't you offered any constructive plan for their release? The relatives and friends of our POW's and MIA's are deeply upset with your apathy on this issue.

Sincerely,

———— ————.

NOVEMBER 23, 1970.

Senator WILLY FULBRIGHT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: Since you are such a hack for negotiation I have a suggestion which you might pass on to the negotiating "team" in Paris—let's offer one Senator from Arkansas for one of our Prisoners of war. I'll bet after 30 minutes you'd be happy for someone to send in a rescue mission. In fact—I'll bet you won't even follow my suggestion, even though you seem to think the commies are just a nice little peace loving group.

I want our boys out of Vietnam—all of them.

Where do you stand?

MCLEAN, VA.,
November 24, 1970.

J. WILLIAM FULBRIGHT,
Senator from Arkansas,
U.S. Senate,
Washington, D.C.

DEAR SENATOR FULBRIGHT: Tonight I observed your performance on TV harassing Secretary of Defense Laird as he explained the efforts of the army and air force volunteer commandos in trying to rescue some of our POWs in North Vietnam. In my judgment your performance in downgrading the superb effort of these men is beyond reason and not at all suitable for a Senator of the United States.

My wife and I are from Paris, Arkansas, both vote in Arkansas and we consider our home Arkansas. My family and my wife's family are Arkansans and I am truly ashamed of the performance of one of my Senators.

I have, in the past, admired your reasoning and writings on some of our political problems; but today was the lowest level I have ever observed of your actions. Any American who shows such calloused reasoning in behalf of the well being of our suffering prisoners of war is, in my opinion, not fit to be a Senator of the United States of America.

This is my first letter to any public official who represents me in our government, and it reflects my deep resentment to your actions today.

The only way you can ever redeem yourself, in my estimation, is by a public apology to the entire American people, particularly the families of the POW's, on a nationwide TV hookup. I will be looking forward to your acquiescence to this request promptly.

I intend to make this an open letter and forward a copy of it to the editors of the Arkansas Gazette, Arkansas Democrat, Fort Smith Times Record and the Paris Express. By this tactic I hope to influence other Arkansas citizens to also look forward to a public apology by you on this episode.

Mr. FULBRIGHT. Mr. President, I would also include an editorial which was mailed to me from Vincennes, Ind. I do not know where it was printed, but that does not matter. It is fraught with inaccuracy and misstatements of fact, and I cite it only as another example of the irrationality which pervades the Nation.

However, as I stated earlier, I have received many thoughtful and perceptive letters and likewise I have seen a number of newspaper articles and editorials which reflect more careful consideration of the facts and reality. One is an editorial entitled "Reescalation," mailed to me from the Bergen, N.J., Record, and another is from the Pine Bluff, Ark., News. I ask unanimous consent to have these printed in the RECORD, along with a column by Mary McGrory in the Washington Evening Star of December 1 entitled "Our 'Moral Victory' at Son Tay."

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

HE SHOULD BE ASHAMED

In one of the more disreputable performances by a representative of the American people, Senator J. William Fulbright managed to out-Fulbright Fulbright.

The engines on the helicopters had scarcely cooled before the Chairman of the Senate Foreign Relations Committee scheduled a hearing, complete with full television coverage, to question the intent and the intelligence of those who planned an attempt to rescue American prisoners of war held by North Vietnam near Hanoi.

No one questions what Fulbright's intentions were and are. His intentions are to seize upon every incident to criticize any policy or any action that lacks his personal blessing. This senator from Arkansas is not concerned with national policy, or with the lives of American men in Vietnam. He is concerned with personal pride and privilege.

If he was concerned with American prisoners-of-war, who are dying in the hands of their capricious. cruel captors, it was not apparent in either the tone or direction of his questions. If the proud man from Arkansas believed praise should be given to the men who took part in the daring rescue attempt, no such note of appreciation was to be found in his manner or words. If, indeed, this was anything but another attempt to gain personal exposure to a wide audience for the benefit of J. William Fulbright, it was hard to find that other reason.

What may have escaped the average American is the fact that most meetings or most Senate committees are closed to the public. The Fulbright hearing on Tuesday afternoon was as carefully staged as any dramatic production. The reporters who attend were there by invitation, by the sufferance, if you will, of J. William Fulbright who intended to have his day in the spotlight.

And he had it.

There are few times when Americans can be thoroughly ashamed of a public representative. This was one of those moments.

Only a little less unsavory was the round of approving laughter from some of the reporters at the more pointed Fulbright jibes aimed at establishing the ignorance and intellectual futility of the men who ordered the raid. If Fulbright needs a cheering section, he should not find it among men whose job is supposed to be reporting, not spectating nor participating in such a session.

The most charitable judgment is that this was a calculated effort to make personal capital out of a national agony. The fate of the men held prisoner is a matter that should weigh on the conscience of every American. The lot of prisoners does not appear to be of serious concern to this senator.

The men who undertook the raid deserve praise and commendation, not indirect censure. Secretary of Defense Melvin Laird, who publicly accepted responsibility for the raid, should receive general support for having the

courage to act in an effort to rescue the prisoners.

The man from Arkansas who sits in the Senate is beneath contempt.

[From the Bergen (N.J.) Record, Nov. 27, 1970]

THE REESCALATION

If this new bombing of North Vietnam and the attempt to rescue prisoners of war precipitate thoughtful new examination of why we remain in Vietnam they will have served a good purpose.

The war is a disaster both within the United States and as a matter of foreign policy. This country is the most powerful in the world, and it is engaged in war with an almost invisible power all the way across the Pacific Ocean.

The United States demands for itself the right to fly reconnaissance flights over enemy territory, to use weapons of mass annihilation on civilian populations, to sustain a foreign government that cannot sustain itself, and to lay down unilaterally the conditions under which peace can be restored to a country that has been battered since 1954.

Meanwhile in the United States no town has known the terror this country imposes on the people of Vietnam. Suppose Ridgewood were bombed tonight by a great enemy nation; suppose we—like the people of North Vietnam—had no air force to retaliate or to use in defense; suppose in our Civil War, for example, France and England had intervened on the side of the South; suppose the atrocities now being charged to American troops were being perpetrated on us by a foreign power whose history bore testimony to its racism.

What would our attitude be?

Let it be conceded, if it is any comfort, that once the United States perceived a clear obligation to enter the war in southeast Asia. That obligation has manifestly been discharged, at enormous cost in human suffering and money.

Now we are engaged in what President Nixon calls withdrawal. But the raid on North Vietnam, doubly explained as vengeance for attacks on reconnaissance planes and as an attack on supply stores, testifies we are laying down the conditions for our withdrawal. Those conditions come close to a demand that the enemy quit.

And the raid in an effort to rescue prisoners of war is directly contrary to the policy in the Pueblo affair. At that time we feared reprisals against unrescued prisoners. This time the rescue would have saved only a handful of men if it had been successful. Again the implication is not that we wish to negotiate an acceptable peace but to win outright.

We ask too much, and, given our size and power, we stand as a bully in world opinion. We want to get out, there is no doubt of that. But the present policy insists that we get out on terms that will somehow save our face before the world.

But at what a cost if we lose face at home, here where we cannot believe our own government's claims that it disengages and turns the war over to the Asiatics? The cost strikes us hard in our economy, in the brutalization of ourselves and the men we send to Vietnam, and in our faith in ourselves and our reputation for decency.

The Senate Foreign Relations Committee plans new hearings on Vietnam. Let the hearings be implacable in determining what we think we are doing and what we actually are doing. Perhaps a way out can be found. For example, we could simply withdraw.

[From the Pine Bluff News, Nov. 30, 1970]

VIETNAM: A RICE PADDY VIEW

Another indication of the futility and the senselessness of our Southeast Asian policy of the past five years and the costly military action is has kept us embroiled in, came to us first hand the other day.

It came to us from a Vietnam veteran who had served both in combat and in administrative areas in the war zone for the past year.

This particular veteran, an Arkansas boy who shall remain nameless, a reasonably bright and observant young man, was queried about the actual conditions in the war zone, and particularly about the attitude of the Vietnamese people—the man in the street, so to speak.

How do they feel about the Americans being there? There is very little expressed reaction one way or another, said the veteran. The people tend to ignore the soldiers as much as possible.

"Generally the major contact with the people is with the kids—they're always trying to sell you something," he said.

The attitude towards the war and what we here in America are told we are trying to achieve for the Vietnamese people (establish a free and independent nation living under a democratic form of government as a block against the spread of world communism) is generally one of bland indifference. It's simply a way of life that they've become conditioned to through a quarter of a century of fighting up and down their country. They see the past 25 years as one of continuous struggle for existence as the fighting raged around them, according to this veteran, with only the names and the faces of the fighters changed from time to time.

How do they feel about the Viet Cong? Pretty much the same as they do about the Yankees—the only difference he could tell was that they liked the Americans a little better because they could sell them things. When the Viet Cong came they just took what they wanted.

Admittedly, the true perspective of United States foreign policy, the overall picture that must be considered, and an understanding of all ramifications of policy-making cannot be observed from the sloshing mud of a Vietnam rice paddy or a grubby hole covered by a thatched roof hut in a sweltering Southeast Asian jungle.

But it's a picture that some of our politicians and high-level policy-makers could profit by seeing.

[From the Washington Evening Star, Dec. 1, 1970]

OUR "MORAL VICTORY" AT SON TAY

(By Mary McGrory)

What could be more appropriate than for a sports-loving president to derive his philosophy of government from a famous sportscaster? Grantland Rice's motto suffices Richard Nixon in matters of foreign policy and personnel:

"He marks—not that you won or lost—but how you played the game."

The raid on Son Tay provides the perfect illustration of how to view failure as success. "One of the best raids that was ever made," is how the Presidnt described it to the soldiers who were his guests at Thanksgiving dinner.

Among those who noted the perhaps niggling detail that there were no prisoners in the camp was the vice president, who may be acquiring a dangerous reputation for realism in the White House stockade.

He had previously called the election results—since billed as triumphant—"bittersweet." And when he heard about Son Tay, he said, with a number of other Americans, that there had been a "lapse" in intelligence.

Secretary of Defense Laird, who had gone up to Capitol Hill to tell doubting senators that they had missed the whole point of the exercise, explained the vice president's lapse by saying he had been "out of the country."

The secretary's testimony suggested that those in the country who could not perceive the "excellence" of the intelligence that brought the raiders to an empty camp, failed to admire the valor of the men who made the attempt or to sympathize with the plight of the prisoners, who now know, according to the secretary, that "America does care."

The administration never makes the mistake of assuming decency on the part of the dissidents. During the campaign, those who did not rail about "law and order" were accused of favoring anarchy. Those who question the raid are heartless.

The crass standard of "mission accomplished," which is the world's, is dismised at the White House. And it applies equally in domestic affairs.

Consider the case of Interior Secretary Walter J. Hickel, who got the ax on Thanksgiving eve, not for his performance, it is clear, but for his attitude.

The secretary had been competent by the old way of thinking. He had overcome the suspicion and hostility of the conservationist. By word and deed, he had demonstrated that he cared about the beasts, the birds, the seas and the forests.

But at the White House, he was known only as a letterwriter. Last spring, at the height of the uproar over Cambodia, he took pen in hand to advise the President to listen to America's youth. He let his missive fall into the hands of the press.

Retroactively, it seems a wise precaution. The President hates being told to listen to the young, and when his own appointee, former Pennsylvania Governor William W. Scranton, returned a report on campus unrest, which advocated the Hickel course, the President refused to read it, or at least to say he had.

It is interesting to note that the man who went to measure Hickel for his official coffin was none other than the attorney general, who has made several boners in line of duty.

Last year he dug up two unsalable Southern judges as Supreme Court candidates, and thus engineered two humiliating defeats for the President. Did the President turn on Mitchell? No indeed. He scooped him up for a boat ride down the Potomac, and together they composed a bitter reproach to the senators for, of all things, "sectionalism."

And in that regard, one might observe that Sen. Roman Hruska, Republican of Nebraska, who sealed G. Harrold Carswell's doom by admitting he was "mediocre," was rewarded for ineptitude by being permitted to recommend a new federal judge.

And Daniel P. Moynihan, who was the father of the family assistance plan, was discovered to be President Nixon's selection for ambassador to the United Nations the very day the bill was voted down by the Senate Finance Committee.

The attempt is everything, as we learn from the White House perception of the election returns. Wrote Robert Finch, presidential counselor, in a letter to editors: "The nation can be proud that the President had the courage to go out against long odds to fight for candidates who supported his policies." Never mind those 11 governorships the Democrats picked up. If you read the Redskins scoreboard right, they're champions, too.

The pity is that having come so far down the road of failure-that-is-really-success, the President does not take the last step which could make further raids on POW camps unnecessary.

Two years ago, Sen. George D. Aiken, Republican of Vermont, proposed that Americans make "a unilateral decision of military victory" and bring the boys home. Pulling the wool over one's eyes has become a reflex

at the White House, and since everybody has been conditioned to see the triumph that escapes the first hasty view, nobody would be surprised to hear the President announce that we had won the war.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER (Mr. ALLEN). Is there further morning business? If not, morning business is concluded.

EXTENSION OF CERTAIN NAVAL VESSEL LOANS

The PRESIDING OFFICER. Pursuant to the previous order, the Chair lays before the Senate the unfinished business, which the Clerk will state.

The ASSISTANT LEGISLATIVE CLERK. Calendar No. 1403, H.R. 15728, an act to authorize the extension of certain naval vessel loans now in existence and new loans, and for other purposes.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations without amendment, and from the Committee on Armed Services with an amendment.

The amendment of the Committee on Armed Services is as follows:

On page 2, line 5, after the word "Turkey", strike out "and three submarines to the Republic of China".

Mr. STENNIS. Mr. President, this bill was originally referred to the Committee on Armed Services and considered by that committee, and then, under agreement with the chairman of the Committee on Foreign Relations, we asked that it be sent to the Foreign Relations Committee, and they have considered it.

They have submitted a report which is favorable to the passage of the bill.

I am glad to say that we have the special services of the Senator from Hawaii (Mr. INOUYE), who conducted the hearings on the bill for the Committee on Armed Services, and brought in a report to the full committee; and I am delighted that he is here now, and will handle this bill, representing our Committee on Armed Services. There is a matter, which he will mention, about one provision in it which I shall handle on behalf of the committee.

I yield to the Senator from Hawaii, asking him if he will yield first to the Senator from Vermont (Mr. AIKEN), who has a word on behalf of the Foreign Relations Committee.

Mr. INOUYE. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, through the cooperation of the distinguished chairman of the Armed Services Committee, the Foreign Relations Committee received unanimous consent from the Senate to consider the ship loan bill and report back within 2 weeks. The committee appreciates very much the courtesy of the Senator from Mississippi in agreeing to this arrangement.

The Foreign Relations Committee held a public hearing on the bill and the full transcript of that hearing is printed in the committee's report. Although some members of the committee have reservations about this program, a majority has approved the bill as reported from the Armed Services Committee. I join with the chairman of the Armed Services Committee in recommending its passage.

The report which the Committee on Foreign Relations has made is quite informational. I shall not ask to have it all printed in the RECORD, but I think that the first three pages constituting the preliminary part of the report, would be of considerable interest, and ask unanimous consent that they be printed in the RECORD at this point.

There being no objection, the excerpt from the committee report (No. 91–1391) was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The bill as amended would authorize the extension of existing loans of one submarine to Greece and one submarine to Pakistan. It would also authorize new loans of two destroyer escorts to the Republic of Vietnam, and two destroyers and two submarines to the Government of Turkey.

This bill would authorize extending, for an additional 5 years, loans of two ships originally loaned under previous congressional authorization. Both the submarine loaned to Greece and the submarine loaned to Pakistan were loaned under the act of October 4, 1961 (75 Stat. 815). Each of these loans requires congressional authorization for extension. The bill would also authorize new loans of two destroyer escorts to the Republic of Vietnam, and two destroyers and two submarines to the Government of Turkey.

In addition to authorizing the extension of the existing loans and the making of new loans for periods of 5 years, the bill authorizes an additional 5-year extension of these loan agreements, at the discretion of the President.

BACKGROUND

Before 1951 U.S. naval vessels could be transferred to foreign nations under the provisions of the Mutual Assistance Defense Act of 1949, as amended. Public Law 82–3, approved in 1951, requires that a battleship, carrier, cruiser, destroyer, or submarine that has not been struck from the Naval Register may not be sold, transferred, or otherwise disposed of without express approval of the Congress. Since 1951, 15 ship loan authorization bills have been enacted and there are now 74 combatant ships out on loan to 17 countries, as follows:

Argentina—two submarines, three destroyers.
Brazil—two submarines, six destroyers.
Chile—two submarines, two destroyers.
China—six destroyers, one destroyer escort.
Colombia—one destroyer.
Germany—five destroyers.
Greece—two submarines, six destroyers.
Italy—five submarines.
Japan—one submarine, two destroyers, two destroyer escorts.
Korea—three destroyers, three destroyer escorts.
Netherlands—one submarine.
Pakistan—one submarine.
Peru—two destroyers.
Philippines—one destroyer escort.
Spain—one helicopter carrier, one submarine, five destroyers.
Thailand—one destroyer escort.
Turkey—five submarines, two destroyers.

These ships can be recalled to meet future U.S. defense needs, although since they are old and much of their equipment is outmoded, when measured by current Navy standards, they are not likely to be of any further practical use to the United States. During the last 8 years none of the eight loaned ships returned to U.S. custody has been restored to the fleet or mothballed; all were sold for scrap.

COMMITTEE CONSIDERATION

On November 19, after H.R. 15728 was reported by the Senate Committee on Armed Services, it was referred to the Committee on Foreign Relations with instructions to report the bill back to the Senate within 2 weeks. The committee held a public hearing on the bill on November 30 at which it heard testimony from Mr. Thomas R. Pickering, Deputy Director, Bureau of Politico-Military Affairs, Department of State, and Capt. G. M. Hagerman, U.S. Navy, Director, Foreign Military Assistance and Sales Division, Office of the Chief of Naval Operations. The transcript of that hearing is appended to this report. The committee's concern with the bill was principally in terms of the foreign policy issues involved and the relationship of the ship loan program to the military assistance and sales programs, which are under the committee's jurisdiction. On December 2 the committee agreed to report the bill without further amendment.

CHANGES IN EXISTING LAW

This bill does not change existing law but rather creates an exception to it. The relationship between the bill and existing law is set forth on pages 6–8 of Senate Report 91–1349, the report of the Committee on Armed Services on this bill.

Mr. INOUYE. Mr. President, the measure before us has been considered by two of our most important committees, the Committee on Foreign Relations and the Committee on Armed Services.

The bill as reported by the House of Representatives included, among other things, the loan of three submarines to the Republic of China. This item has been deleted from the bill. Otherwise, the bill that is being considered today is identical to the House bill.

This bill would authorize the extension of existing loans of one submarine to Greece and one to Pakistan. It will also authorize new loans of two destroyer escorts to the Republic of Vietnam, and two destroyers and two submarines to the Government of Turkey.

The bill would authorize extending for an additional 5 years, loans of two ships originally loaned under previous congressional authorization, which are, as I have mentioned, this submarine to Greece and one to Pakistan.

The bill, in addition to authorizing the extension of existing loans and the making of new loans for a period of 5 years, would authorize an additional 5-year extension of these loan agreements at the discretion of the President.

Mr. President, it should be noted that before 1951 U.S. naval vessels could be transferred to foreign nations under the provisions of the Mutual Assistance Defense Act of 1949, as amended. Public Law 82–3, approved in 1951, requires that a battleship, carrier, cruiser, destroyer, or submarine that has not been struck from the Naval Register may not be sold, transferred, or otherwise disposed of without express approval of Congress.

Therefore, since 1951, 15 ship loan authorization bills have been enacted, and there are now 74 combatant ships out on loan to 17 countries.

Mr. President, at some later point, after my chairman has spoken, I shall propose an amendment to this measure.

I should like to speak briefly on the amendment now.

My amendment would strike out all of line 7 and a part of line 8 of page 1 of the bill. In other words, it would strike the following language:

Greece, one submarine (Act of October 4, 1961 (75 Stat. 815)) and,

Mr. President, I shall not burden the Senate with another long, detailed discussion of the Greek regime. I believe there can be little doubt that the present government in power in Greece can be characterized as a dictatorship. It is an administration that has been compelled to resign from the Council of Europe, and has been isolated from the democratic countries of Europe. I believe my colleagues are sufficiently aware of this fact, and I hope will find its authoritarian policies reprehensible.

So, Mr. President, rather than use my time this morning to belabor this point, I wish to concentrate my focus on the effects of the Senate action if we were to deny an extension of a loan of a submarine to Greece.

It should be noted that the submarine is presently in the hands of the Greek Navy, and as long as the U.S. Government has not formulated any means to recover any ships under this loan program, the Greek Navy, for all intents and purposes, will continue to retain control of the ship, in spite of whatever amendment we may pass here. Since the enactment of the ship loan law, we have had 74 combatant ships loaned to 17 countries. There are some ships being held now by foreign countries that are held, in my mind, illegally, because no extensions have been made. For example, this Greek ship; the loan was made in 1961. The law provides for a 5-year loan, and an extension should have been made in 1966. But as the State Department indicated, because of the sensitive nature of the conditions then existing in Greece, negotiations were not carried out. Finally, after much goading by the U.S. Government, we entered into negotiations with Greece and came up with this agreement to extend the loan.

What I am proposing is to deny this extension of the loan, as a symbolic gesture on the part of the U.S. Senate. It should be noted by those who are concerned about the effect this amendment may have on our NATO commitments that this submarine is in the hands of the Greek Navy and is presently performing antisubmarine warfare service as part of the Greek NATO role. Since the ship will remain in Greek hands, it will continue to bolster our security in the eastern Mediterranean.

While it is true that the Greeks may decide to withdraw the submarine from NATO support out of spite and because of this amendment, this action on the part of Greece can be taken for whatever reason they want, and we would have no recourse, as I have pointed out.

At the present time, a Latin American country is holding a destroyer, and they have held this destroyer for more than 5 years, without authorization. The State Department and the Defense Department have tried to conduct negotiations to sit down and come to some agreement on extension of loans, but the other country refuses to do so. So we have a similar situation in the case of Greece.

In other words, Mr. President, I do not expect my amendment to have any massive political, diplomatic, or military repercussions; but what I hope to accomplish today through this symbolic gesture—I repeat, this symbolic gesture—is a reaffirmation of the American commitment to democratic ideals. My amendment offers an opportunity to all Members of the Senate to express their opposition to dictatorship, without undermining in any way our own security in the eastern Mediterranean. It goes without saying that we have dealt with, and are presently dealing with, dictatorships in defense of our own Nation. So some may ask, "Why are we picking on Greece?"

Mr. President, like most of my colleagues, I was taught when I was very young that Greece was something special. It was something more than just a country, and was not a country that was prone to petty authoritarian coups. I was taught that Greece was the home of democracy, that the word "democracy" came from Greece, and that our own concept of democratic government is an outgrowth of the ideas that flowered there more than 2,000 years ago.

We owe Greece a great deal for its contributions to Western civilization, and particularly to our country. We must not turn our backs on this great land in her time of need, but we should seize this opportunity to tell the world, clearly and loudly, that the easy path of political expediency has not swayed our commitment to democratic government all across the globe.

Mr. President, it is my privilege to manage this bill, and I will recommend that the bill be approved; but I hope that prior to approval, my amendment to delete the Greek submarine will be adopted by the Senate.

I have been advised that the chairman of the committee, the distinguished Senator from Mississippi, wishes to say a few words on this measure.

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

Mr. INOUYE. I yield.

Mr. AIKEN. If the Senator's amendment is adopted, Greece would hold this submarine illegally. Greece has had it for 10 years. It was an old, conventional submarine when it was first loaned to them. Does the Senator think that the standing of the United States in world affairs would be improved by adding to the list of countries that hold American property illegally? As the Senator has mentioned, there is already one in South America. We have not attempted to recover it. The old destroyer probably is not worth recovering.

If the Senator's amendment is adopted, what will be the effect on the other countries in the Middle East which look to the American Navy now for protection, since the American Navy depends upon some advantages it gets from Greece for maintaining our strength in that area? Do we improve the security status of the United States by putting Greece in the position of holding an American ship illegally. If any country holds our ships illegally, what do we do about it? Do we go in after them?

Mr. INOUYE. I shall be very happy to respond to the Senator. I am pleased that this opportunity has been given me.

The submarine in question, the one covered by my amendment, was loaned to the Greek Government on October 4, 1961; and if the provisions of our laws were applied, the extension of this loan should have been made prior to October 4, 1966, at the expiration of 5 years. In other words, from October 4, 1966, to date, the Greek Government has held the submarine illegally, as other ships are being held by other countries.

This is one of the matters that I reported to my committee, suggesting that the Committee on Armed Services look with great concern on this program; because, actually, this program is not a loan program, in my eyes. It is just a grant program. If the recipient country refuses to relinquish these ships voluntarily, it would take almost an act of war to seek the return of these destroyers and submarines.

But I would say, Mr. President, that if this amendment is adopted, we would stand taller in the eyes of many countries. It would show that instead of just talking about democracy, we have decided to take a step—not a big step, but a step. Our Government has indicated that the United States is concerned about the dictatorship in Greece. As a result of this concern, we have said that we will not sell or provide military grants to Greece. Furthermore, policy decisions have been made to the effect that major military systems will not be given or loaned to Greece.

I feel that this amendment is in line with the policy of the Government of the United States. It is true that our administration has expressed its concern and distress over the regime in Greece. I would hope that Congress would be given an opportunity also to express its concern and distress over the regime in Greece, and this amendment provides the opportunity.

So far as the matter of ships being held illegally is concerned, I am certain that the recipient countries are laughing up their sleeves, because all we can do at this point is to be very courteous diplomatically and almost beg for the return of the ships.

Because of this situation, I have suggested to my colleagues on the Committee on Armed Services that a full-scale study should be made of this program. If it is going to be a gift program, then let us call it a gift program. If it is going to be merely for diplomatic purposes, although I cannot see how our security is bolstered in the Pacific Ocean by Peru and Chile owning destroyers, so obviously it is for diplomatic purposes, then let us call it a diplomatic gift but let us not continue to fool ourselves as though it will bolster our security.

I am very glad the Senator from Vermont brought up that point.

Mr. AIKEN. May I say to the distinguished Senator from Hawaii that we are not too much in disagreement on this. I know that there are people in this country who disapprove strongly of the

present Greek Government, but we also know that there are advantages to our Navy by extending this loan. We know that all the ships which have been loaned to other countries were considered virtually obsolete at the time they were loaned, and have become more obsolete every year since. The few that have been returned to the United States from the lendees have been consigned to the scrap heap when the foreign country no longer wanted them. That will probably happen eventually to the 74 which are now out on loan.

But, I do not believe this is a good way to handle the situation any more than the Senator from Hawaii does.

In the course of the hearings I asked Mr. Pickering, representing the State Department, this question:

If none of the ships are likely to be used again by our Navy, why don't we give them away under the military assistance program or sell them instead of going through this procedure of passing a bill and requiring special agreements with all the political liabilities that this entails. Mr. Pickering, have you the answer to that?

His answer was that under present law they have to do it this way.

It seems to me that is not a good way to do it. The ships have virtually no value themselves except what they are worth as scrap. I agree that this is not a good way, but I am a little bit skeptical about taking this way to express our disapproval of the Greek Government, because the next thing we know, someone will want to do something to express disapproval of another government. I do not know which government but, of course, we can find something to disapprove of in actions of many governments.

May I say, they also reciprocate and very generously.

I do not know what the distinguished chairman of the committee thinks but I would rather not see this amendment approved even though it may have merit and would constitute a disapproval of the present Greek Government. As I say, we cannot stop with Greece. There are a lot of other countries whose actions we do not agree with.

Mr. STENNIS. Mr. President, in response to the inquiry of the distinguished Senator from Vermont (Mr. AIKEN), the committee considered the amendment as offered by the distinguished Senator from Hawaii (Mr. INOUYE), and decided against it and passed the bill with this Greek ship in it, for a continuation of the loan.

For that reason, representing the committee, I shall oppose the amendment when it is offered.

Going back to the Senator's question about the system we are using, in 1951 we passed a law restricting the power of the President to loan or give these ships away. We just said it could not be done without the authority of Congress.

Just for the record, let me read the pertinent part here:

The sale of these stricken ships by the Navy is based on title 10 United States Code 7307 which states:

"(b) Without authority from Congress granted after March 10, 1951, no battleship, aircraft carrier, cruiser, destroyer, or submarine that has not been stricken from the Naval Vessel Register under section 7304 of this title, nor any interest of the United States in such a vessel, may be sold, transferred, or otherwise disposed of under any law."

So, since then, we have had to pass a law each time these matters came up for renewal or for additional loans or grants. It is a congressional assertion of its authority, which is the reason we held these loans.

Mr. AIKEN. Mr. President, it has been pointed out that last year the Senate did pass a resolution expressing its disapproval of the present Government of Greece.

Mr. STENNIS. Yes; that is true.

Mr. AIKEN. I do not believe that anything we might do in the nature of an amendment to this bill could strengthen that position at all.

Mr. STENNIS. Mr. President, I shall not detain the Senate but for just a few minutes longer. The Senator from Hawaii has presented fully the entire bill and has given the reasons for the committee's action thereon.

I repeat, solely for emphasis, that the bill went then to the Committee on Foreign Relations, and the Senator from Vermont (Mr. AIKEN) is here now to speak for that committee. That committee filed a formal report requesting that the bill pass in its present form and without an amendment.

Just one further word about this policy on the ships. The only way any nations can get naval vessels, the larger ones, is for someone to sell them to them at a great discount or loan them to them under certain conditions, because they cannot build them themselves, and they cannot buy them themselves.

Thus, it is a question here now of the extension of a loan to Greece. The submarine is actually in the active inventory and use of our NATO forces there, along with the rest of the Greek Navy, which is more formidable than one might think, especially in total numbers. There is something on the order of 113 vessels in all, I believe, in its navy—but most of the vessels are quite small.

We disagree with the form of the present Greek Government. I certainly do, and I suppose all do, and we have so asserted in the resolution; but, at the same time, they are there, in a most vital spot, they are an essential part of the NATO line, and in manpower are represented by a sizable army and a navy that is big enough to count. Inasmuch as they are right on the front line, I believe, as a practical matter, that was the reasoning of the membership of the committee.

Although we were clearly in sympathy with the Senator from Hawaii in his ideological views, as a practical matter we did not want to disturb this condition there with reference to the Greek submarine.

It is true, the time has run over for renewing the loan. That is because we have delayed the passage of this bill.

Mr. AIKEN. The loan will not expire until next February, I understand.

Mr. STENNIS. My information is that it expired in February 1970, which is this year, according to the testimony by the Navy.

Mr. AIKEN. Well, that is not too important.

Mr. STENNIS. No; I do not believe that is controlling at all.

Mr. AIKEN. We shall have to have our advisers get together on it.

Mr. STENNIS. I was quoting from the record supplied by the Navy. But that is not at issue. That is not the point. The question is, as I understand it, on the ideological side of the comments of the Senator from Hawaii.

Mr. AIKEN. May I make a correction. My adviser says that the chairman of the Armed Services Committee is correct.

Mr. STENNIS. I thank the Senator from Vermont. I knew that is what we had here.

Mr. AIKEN. I believe it is well to admit mistakes as soon as possible after they are made.

Mr. STENNIS. I would not call that a mistake by the Senator. It was just an error of information, temporarily—I repeat, temporarily. It is a wholesome thing, though, to have something like that happen here on the floor of the Senate.

Mr. President, that concludes my remarks. I hope the bill will be passed as reported by the two committees. We had a unanimous vote in the Armed Services Committee, except for the Senator from Hawaii.

Mr. GRIFFIN. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield.

Mr. GRIFFIN. Of course, I am not a member of the committee, but I did recently attend a meeting of the NATO Parliamentarians at The Hague with a number of my other colleagues, and I became very much aware and conscious of the importance of our NATO force and particularly, right now, in the Mediterranean.

The distinguished Senator from Mississippi said that Greece is in a vital position but it is also a crucial time, as the Russians have increased their naval strength in that area.

I therefore must associate myself with the remarks of the distinguished Senator from Vermont (Mr. AIKEN), the ranking member on the Committee on Foreign Relations.

In the past we have many times helped other nations when it was in our national interest to do so, even though we did not agree with the government of the particular countries. This is going to be true with respect to the request which President Nixon is sending to Congress at this time.

I do not suppose that we would agree necessarily with the governmental structures of all countries involved in the supplemental appropriations request. However, our interest is involved. The question is, What is in the interest of the United States?

Many people have said over and over that we do not want to try to use our assistance to mold or change the internal affairs of other governments. I think that we have been getting away from that kind of policy. I think that is to the good. We are concentrating more on what is in the interest of the United States.

I agree with the statement of the Senator from Mississippi and the Senator from Vermont.

Mr. STENNIS. Mr. President, I thank the Senator very much. He makes it very clear and forceful as a result of his contacts with NATO.

It makes us feel good to know what is going on in that part of the world, in Turkey, Greece, and the other countries.

Mr. President, I yield the floor.

Mr. THURMOND. Mr. President, I rise in support of the renewal of the loan of the submarine to Greece. After all, what is the purpose of this? The purpose is not only to assist Greece, which is part of our NATO force, but it is also to assist our own national security. Greece is on our side. We need all the support and help we can get in that part of the world to support the position of the United States.

Mr. President, I remind the Senate that Greece has paid $1 million to have this ship overhauled. It has paid $243,000 for a replacement battery for this submarine. This adds to the value of the ship.

I also remind the Senate that Greece did get valuable antisubmarine warfare training from the use of this submarine. For what purpose? To aid NATO. What is NATO for? It is to help much of the free world. That means the United States.

I would also remind the Senate that since April 1967, the current Government of Greece has continued to meet its NATO commitment and has provided facilities for the use of the U.S. military. This is more than some other countries have done.

If we are not going to stand with these countries that stand with us, whom are we going to stand with? We need the support of Greece, whether we like the present Government or not. Greece is on our side. They are on the side of freedom. It seems to me that this is the kind of country we must assist in this critical period.

I also point out that during the operations of the 6th Fleet, including periods of tension such as the recent Mideast crisis, Greek ports are available to the U.S. Navy on short notice and without hesitation for maintenance and rest, thus decreasing the time required for ships to be off patrol station. For example, units of the 6th Fleet made more than 250 port visits during November 1970.

What would we do without the assistance of Greece? They are willing to help us in our operations.

I also remind the Senate that assistance to the U.S. Navy has been afforded in the use of the shores of Crete for amphibious landing exercises and the harbor at Souda Bay for the refueling of 6th Fleet ships.

Again I say that this country is helping us. It is helping the United States against the Communists.

I also remind the Senate that during the Czechoslovakian crisis in 1968, six of the eight Hellenic destroyers were committed to NATO forces and placed on standby alert. They have always worked with us and have stood by us. Why should we now deprive them of this very small request which they are making—one submarine. It is perfectly ridiculous not to grant the request.

I remind the Senate that Greece was helpful as a refuge during the evacuation of U.S. refugees from Israel and the Congo. That may sound like very little. But they showed very fine cooperation. They helped us.

I also remind the Senate that it is in the U.S. interest that Greece continue to be a stable and reliable NATO ally. Our needs in that area are obvious.

In the November 30, 1970, issue of the Washington Post, columnist Joseph Alsop presented a comparison of United States and Soviet forces in the Mediterranean. This comparison placed the U.S. fleet size in the Mediterranean at 38 ships as against 62 ships by the Soviet Union. The comparison between these forces is of even greater concern when one realizes that only nine of the 38 U.S. ships are modern ships whereas all of the Soviet's 62 ships can be classified as modern.

Mr. Alsop also reported the U.S. fleet size in the Mediterranean contained only three U.S. submarines as compared with a Soviet total of 14.

These figures strongly suggest our military aid program to our allies in the Mediterranean should be increased not reduced.

Our access to Greece, and its cooperation in the NATO alliance, continues to provide valuable security benefits.

The importance of Greece as a logistical and tactical base for NATO has been highlighted in recent years by the increased Soviet naval activity in the eastern Mediterranean.

That is one thing that has been overlooked. Greece by virtue of its location is very important from a logistical and tactical base from a military standpoint.

Mr. President, the recently lifted military assistance program suspension had restricted the provision of major end items which resulted in a debilitating effect on the Hellenic Navy.

It is considered that a decision not to authorize the loan extension of this submarine would signal an attitude on the part of the U.S. Government which would erect barriers to our use of Greek facilities and be particularly detrimental to U.S. Navy operations. Finally, this decision would create serious concern among our friends worldwide about how we intend to carry out our new foreign policy.

Mr. President, in closing I want to say again that some people in this country may not approve of the Government of Greece at this time. Whether we like this particular Government or not, if the present Government had failed to take over in Greece when it did, in my judgment Greece today would be a Communist state.

Another question at point is that they are friends of ours. We must not lose sight of the fact the present Greek Government is a part of NATO. They are cooperating with the United States. They are helping us to keep the free world.

If we were to decide to deprive them of this one ship, this submarine, it would be a very objectionable position to take. It could place in a very unfavorable light with the Greek people and the Government of Greece.

We would be making a great mistake from the standpoint of freedom in my judgment.

I hope that the amendment of the Senator from Hawaii will be rejected.

The PRESIDING OFFICER. The clerk will state the committee amendment.

The legislative clerk read as follows:

On page 2, line 5, after the word "Turkey", strike out "and three submarines to the Republic of China".

Mr. STENNIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. Mr. Preisdent, there is only one committee amendment.

The PRESIDING OFFICER. The Senator is right.

Mr. STENNIS. Mr. President, the explanation of the committee amendment is simply that those three submarines were not in the budget. They were not recommended by the administration. The committee could not find a basis for their inclusion. Except for Senator THURMOND, who was recorded in favor of the three submarines, the committee was unanimous in leaving out these vessels. I hope that the Senate will agree to the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. INOUYE. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows: The Senator from Hawaii (Mr. INOUYE) offers an amendment as follows:

On page 1, beginning on line 7, strike "(1) Greece, one submarine (Act of October 4, 1961 (75 Stat. 815)) and, (2)"

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Hawaii.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

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

The bill was read the third time.

Mr. STENNIS. Mr. President, this ship-loan legislation has been thoroughly considered by both the Armed Services Committee and Foreign Relations Committee of the Senate.

This bill would authorize new loans in certain instances as well as extend existing loans. The existing loans which would be authorized involve one submarine to Greece and one submarine to Pakistan, both initially authorized under legislation enacted in 1961. The new loans would involve two destroyer escorts to the Republic of Vietnam and two destroyers and two submarines to the Government of Turkey.

Mr. President, I should note that the bill, as passed by the House, would also have authorized the loan of three submarines to the Republic of China. The

Senate Armed Services Committee, however, amended the bill to delete the authority for these three submarines on the basis that the Department of Defense has no present plans to put in effect these submarine loans to the Republic of China.

Mr. President, there is ample precedent for this legislation. Since 1951, various acts have been enacted in the Congress authorizing the lending of unneeded U.S. vessels to friendly foreign countries. I might note that prior to 1951 naval vessels could be transferred to friendly foreign countries under the Mutual Assistance Act of 1949.

The basic purpose of all of these ship loans is to provide a degree of Naval capability to our allies and, therefore, assist in our worldwide Navy mission. I would emphasize at this point that none of these ships are required for use in the active Navy. Moreover, they may be recalled if a future requirement develops.

I will make a brief comment with respect to the countries and ships in question. The two submarines and two destroyers that are proposed to be lent to the Government of Turkey are expected to be especially helpful to the United States in our NATO antisubmarine warfare activities in the Mediterranean. We all know of Turkey's strategic geographical position and the necessity for receiving assistance from this country. The large buildup of Soviet ships in the Mediterranean speaks for itself with respect to the naval problems confronting Turkey and other NATO allies in this area. The extension of the loan of one submarine to Greece means that this vessel will continue to be available for NATO purposes in the Mediterranean.

The submarine which is proposed to be continued on loan to Pakistan will provide a small presence in the Indian Ocean. It is of course in the best interests of this country to have some naval presence by a friendly country in the Indian Ocean at a time when the Soviets are moving into the area to fill the vacuum created by the withdrawal of British naval forces from that area.

I especially wish to thank the Senator from Hawaii (Mr. INOUYE) for the fine job he has done in holding hearings in connection with this matter.

Mr. President, I would emphasize that this bill has been fully considered by two committees and urge the Senate to adopt the bill as amended.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 15728) was passed.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the bill was passed

Mr. MURPHY and Mr. THURMOND moved to lay the motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MANSFIELD. Mr. President, I had anticipated calling up another bill at this time but I do not think we will call it up. We will very likely let it die.

U.S. PARTICIPATION IN CERTAIN INTERNATIONAL FINANCIAL INSTITUTIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 1259, H.R. 18306.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read the bill by title, as follows:

A bill (H.R. 18306) to authorize the U.S. participation in increases in the resources of certain international financial institutions, to provide for an annual audit of the Exchange Stabilization Fund by the General Accounting Office and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations with an amendment to strike out all after the enacting clause and insert:

Chapter 1.—AMENDMENT OF ASIAN DEVELOPMENT BANK ACT

Sec.
1. Amendments of Asian Development Bank Act.

§ 1. Amendment of Asian Development Bank Act

The Asian Development Bank Act (22 U.S.C. 285–285h) is amended by adding at the end thereof the following new sections:

"SEC. 12. (a) Subject to the provisions of this Act, the United States Governor of the Bank is authorized to enter into an agreement with the Bank providing for a United States contribution of $100,000,000 to the Bank in three annual installments of $25,000,000, $35,000,000, and $40,000,000, beginning in fiscal year 1970. This contribution is referred to hereinafter in this Act as the 'United States Special Resources'.

"(b) The United States Special Resources shall be made available to the Bank pursuant to the provisions of this Act and article 19 of the Articles of Agreement of the Bank, and in a manner consistent with the Bank's Special Funds Rules and Regulations.

"SEC. 13. (a) The United States Special Resources shall be used to finance specific high priority development projects and programs in developing member countries of the Bank with emphasis on such projects and programs in the Southeast Asia region.

"(b) The United States Special Resources shall be used by the Bank only for—

"(1) making development loans on terms which may be more flexible and bear less heavily on the balance of payments than those established by the Bank for its ordinary operations; and

"(2) providing technical assistance credits on a reimbursable basis.

"(c)(1) The United States Special Resources may be expended by the Bank only for procurement in the United States of goods produced in, or services supplied from the United States, except that the United States Governor, in consultation with the National Advisory Council on International Monetary and Financial Policies, may allow eligibility for procurement in other member countries from the United States Special Resources if he determines that such procurement eligibility would materially improve the ability of the Bank to carry out the objectives of its special funds resources and would be compatible with the international financial position of the United States.

"(2) The United States Special Resources may be used to pay for administrative expenses arising from the use of the United States Special Resources, but only to the extent such expenses are not covered from the Bank's service fee or income from use of United States Special Resources.

"(d) All financing of programs and projects by the Bank from the United States Special Resources shall be repayable to the Bank by the borrowers in United States dollars.

"SEC. 14. (a) The letters of credit provided for in section 15 shall be issued to the Bank only to the extent that at the time of issuance the cumulative amount of the United States Special Resources provided to the Bank (A) constitute a minority of all special funds contributions to the Bank, and (B) are no greater than the largest cumulative contribution of any other single country contributing to the special funds of the Bank.

"(b) The United States Governor of the Bank shall give due regard to the principles of (A) utilizing all special funds resources on an equitable basis, and (B) significantly shared participation by other contributors in each special fund to which United States Special Resources are provided.

"SEC. 15. The United States Special Resources shall be provided to the Bank in the form of a nonnegotiable, non-interest-bearing letter of credit which shall be payable to the Bank at par value of demand to meet the cost of eligible goods and services, and administrative costs authorized pursuant to section 13(c) of this Act.

"SEC. 16. The United States shall have the right to withdraw all or part of the United States Special Resources and any accrued resources derived therefrom under the procedures provided for in section 8.03 of the Special Funds Rules and Regulations of the Bank.

"SEC. 17. For the purpose of providing United States Special Resources to the Bank there is hereby authorized to be appropriated $25,000,000 for fiscal year 1970, $35,000,000 for fiscal year 1971, and $40,000,000 for fiscal year 1972, all of which shall remain available until expended."

Chapter 2.—INTERNATIONAL MONETARY FUND

Sec.
21. Amendment of Bretton Woods Agreements Act.
22. Amendment of Special Drawing Rights Act.

§ 21. Amendment of Bretton Woods Agreements Act.

The Bretton Woods Agreements Act (22 U.S.C. 286–286k–2) is amended by adding at the end thereof the following new sections:

"SEC. 22. (a) The United States Governor of the Fund is authorized to consent to an increase of $1,540,000,000 in the quota of the United States in the Fund.

"(b) In order to pay the increase in the United States quota in the Fund provided for in this section, there is hereby authorized to be appropriated $1,540,000,000, to remain available until expended.

"SEC. 23. (a) The United States Governor of the Bank is authorized (1) to vote for an increase of $3,000,000,000 in the authorized capital stock of the Bank, and (2) if such increase becomes effective, to subscribe on behalf of the United States to two thousand

four hundred and sixty-one additional shares of the capital stock of the Bank.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there is hereby authorized to be appropriated $246,100,000 to remain available until expended."

§ 22. Amendments of Special Drawing Rights Act.

Section 6 of the Special Drawing Rights Act (22 U.S.C. 286q) is amended to read as follows:

"SEC. 6. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States vote to allocate in each basic period Special Drawing Rights under article XXIV, sections 2 and 3, of the Articles of Agreement of the Fund so that allocations to the United States in that period exceed an amount equal to the United States quota in the Fund as authorized under the Bretton Woods Agreements Act."

Chapter 3.—INTER-AMERICAN DEVELOPMENT BANK

Sec.
31. Amendment of Inter-American Development Bank Act.

§ 31. Amendment of Inter-American Development Bank Act

(a) The Inter-American Development Bank Act (22 U.S.C. 283–283n) is amended by adding at the end thereof the following new section:

"SEC. 18. (a) The United States Governor of the Bank is hereby authorized to vote in favor of the two resolutions proposed by the Governors at their annual meeting in April 1970 and now pending before the Board of Governors of the Bank, which provide for (1) an increase in the authorized capital stock to the Bank and additional subscriptions of members thereto and (2) an increase in the resources of the Fund for Special Operations and contributions thereto. Upon adoption of such resolutions the United States Governor is authorized to agree on behalf of the United States (1) to subscribe to eighty-two thousand three hundred and fifty-two shares of $10,000 par value of the increase in the authorized capital stock of the Bank of which sixty-seven thousand three hundred and fifty-two shall be callable shares and fifteen thousand shall be paid in and (2) to pay to the Fund for Special Operations an initial annual installment of $100,000,000 and two subsequent annual installments of $450,000,000 each, in accordance with and subject to the terms and conditions of such resolutions.

"(b) There are hereby authorized to be appropriated, without fiscal year limitation, the amounts necessary for payment by the Secretary of the Treasury of (1) three annual installments of $50,000,000 each for the United States subscription to paid-in capital stock of the Bank; (2) two installments of $336,760,000 each for the United States subscription to the callable capital stock of the Bank; and (3) one annual installment of $100,000,000 and two annual installments of $450,000,000 each for the United States share of the increase in the resources of the Fund for Special Operations of the Bank."

(b) The first sentence of section 3(b) of the Inter-American Development Bank Act (22 U.S.C. 283a(b) is amended by inserting immediately before the period at the end thereof the following: "and an alternate Executive Director".

Mr. JAVITS. Mr. President, I have a joint statement on behalf of the Senator from South Dakota (Mr. MCGOVERN) and myself, which has general relation to this measure and other measures.

Mr. President, I ask unanimous consent that the joint statement on behalf of the Senator from South Dakota and myself and also an excerpt from the RECORD describing amendment No. 854 be printed in the RECORD.

There being no objection, the joint statement and the excerpt were ordered to be printed in the RECORD, as follows:

JOINT STATEMENT BY SENATORS GEORGE MCGOVERN AND JACOB JAVITS

Mr. President, in the past few weeks, the hope for genuine reform of the nation's creaking welfare system appeared to be going through a script comparable to the Perils of Pauline. Indeed, in the past few days, it seemed Pauline was tied to the tracks with the locomotive fast approaching. Now, however, a variety of forces are apparently coming to the rescue.

We want to firmly express our support for those forces. We consider it essential that the Congress enact meaningful welfare reform this session. As the Chairman and ranking minority member of the Select Committee on Nutrition and Human Needs, we view welfare reform not only as crucial in itself, but as a necessary step toward eliminating hunger and malnutrition in America. We support generally the Family Assistance Act, including a number of important revisions, as an important beginning. We fear that beginning will not be made in the near future unless it is made in this session.

We have joined with Senator Ribicoff and other concerned members of both parties in urging the Administration to include certain revisions in the "core" bill (the Administration's basic proposal) which will be attached to the Social Security bill when it is considered on the floor.

We believe Secretary Richardson's announcement yesterday that the Administration will include many of the proposed revision in its bill represents significant progress towards success on reform this year.

We believe that these revisions will contribute greatly to the design of the program and will enhance the prospects of Senate approval before this session ends. Included in those revisions are three which we proposed earlier this year: Federal administration, the easing of provisions requiring mothers of school-age children to work, and providing protections for state and local welfare employees. The other revisions—the establishment of national goals, the restoration of the AFDC–UP programs and language regarding "standard of need," minimum wages, public service employment, and a cost of living increase—are also critically important.

We regard as most inadvisable the actions taken yesterday by the Committee on Finance. In moving to prohibit the use of Federal funds to finance any court challenge of Federal law in the Social Security or welfare field, and to circumvent Supreme Court decisions regarding residency requirements for welfare recipients and "man in the house" rules, the Committee has taken seriously regressive steps. When the Social Security bill is on the floor, we will seek to eliminate these regressive steps.

Mr. President, today we rise principally to indicate what we consider the priorities to be for other changes to the "core" package on the floor. In addition to amendments to include any of the proposed revisions which may not be included by the Administration in the core bill, we consider two other changes to be important. They are the simplified food stamp distribution system and supplemental payments to the working poor.

First, we shall propose that all family assistance recipients automatically receive the food stamp bonus to which they are entitled along with their family assistance cash payment. The result would be a writing-in of the basic commitment of this Administration to provide $864 in food stamp bonus as a supplement to the cash payment of $1,600 which, while it is certainly better than the present system, the Administration has recognized as inadequate. At the same time, it would reduce the administrative cost and related difficulties of the food stamp program significantly.

In this connection, we wish to state that we do not consider a "cash out" of food stamps to be an achievable alternative at this time. The Administration recently suggested that the cash out level might be placed at $2,200. After serious consideration we concluded that while many who are not now receiving stamps would receive the additional $600 in cash, the loss of some $264 in stamp values for many persons was unacceptable, especially since its adverse effect would be the greatest for those on the bottom of the income ladder.

More recently, it has been suggested that the cash out level be placed at $2,464, that is—a dollar for dollar trade of food stamps for cash. If we believed that was a feasible proposal at this time, likely to win approval by this Congress, we would, of course, enthusiastically endorse it. We do not, however, believe that to be the case.

If the Senate were to approve a basic family assistance payment level of $2,464 or even $2,200, that level would undoubtedly have to be compromised in conference with the $1,600 level that the House has already approved. A loss in value to the hungry poor would be an unacceptable certainty.

If there were assurances that whatever cash out level was approved by the Senate would not be compromised in conference with the House, and if no losses resulted to present recipients of stamps, we would be favorably disposed toward such proposals.

We believe that the Simplified Food Stamp Distribution system which we have proposed is far more desirable and likely to achieve Senate approval. In a sense, it represents a "first step cash out" since it would eliminate the cash purchase requirement under which Family Assistance recipients would be required to use a portion of their Family Assistance cash payment to purchase food stamps. Under the Simplified Food Stamp distribution system, this unneeded transaction would be eliminated, since the "bonus" element in food stamps would be computed and mailed with the basic family assistance cash payment.

Second, we urge that families headed by full-time working males who qualify for federal assistance—the "working poor"—be made eligible for state supplementary payments under the Family Assistance Act as proposed by Senator Javits. It is a commendable element of the Family Assistance Act that such working poor families are to become eligible for the first time for Federal payments. This step represents an important recognition that the contributions of the fully employed male family head should be rewarded with a decent standard of living.

However, the Family Assistance Plan does not provide that working poor families be eligible for the supplementary payments which states will be required to maintain—with Federal assistance—for female-headed families. It is this type of inequity toward the employed-but-still-poor that Family Assistance hopes to correct. Without such supplementary payments, the work disincentives and program inconsistencies common in the present welfare system will be carried over to the new.

An amendment designed to eliminate this inconsistency, to retain work incentives by treating all families alike, was submitted on August 21, 1970, by Senator Javits as amendment No. 854 to H.R. 16311. Upon resubmission as an amendment to the core bill, it would provide for federal assumption of the cost of including working poor families in supplemental payments, thus protecting the working man while recognizing that states

and localities are laboring under severe financial strains.

We hope that the Senate will give consideration to these changes when they are proposed as amendments to the core package.

Mr. President, we ask unanimous consent that a Congressional Record insert describing Amendment No. 854 be included at this point in the Record.

THE FAMILY ASSISTANCE ACT OF 1970—AMENDMENTS

AMENDMENT NO. 854

Mr. JAVITS. Mr. President, I rise for two purposes this morning: First, to submit an amendment to the Family Assistance Act of 1970; and second, to make some analysis of the trade bill which has been reported out of the other body and which will be coming over here in due course. Due to the fact that they are under the rule, it is likely that we will get the bill without amendment.

Mr. President, I submit my amendment to the Family Assistance Act of 1970 (H.R. 16311), to mandate the inclusion of the so-called "working poor" for purposes of State supplementation under the act and ask that it be printed under the rule and referred to the Finance Committee and that the text thereof be printed in the RECORD.

The ACTING PRESIDENT pro tempore (Mr. METCALF). The amendment will be received and printed; and, without objection, the amendment will be printed in the RECORD and referred to the Finance Committee.

(The amendment, No. 854, was referred to the Committee on Finance, by unanimous consent, as follows:)

AMENDMENT NO. 854

On page 23, beginning with the word "other" on line 16, strike out all before the period on line 18.

On page 27, beginning with the word "other" on line 15, strike out all through "unemployed" on line 18.

Mr. JAVITS. The term "working poor" applies to families headed by full-time working males with incomes below the poverty line—$3,720 for a family of four. In 1968, 39 percent of poor families with children came within this category, yet under the current program known as aid to families with dependent children—AFDC—such families have not been eligible for welfare payments. There are approximately 1½ million families in this category, consisting of about 7.8 million persons.

The administration's proposed Family Assistance Act eliminates this exclusion in respect to the Federal eligibility-payment standard; and under the proposed act, working families headed by males as well as those headed by females are eligible for a family assistance payment of $1,600 for a family of four. For the purposes of the Federal benefit payment, the family's net income is determined by deducting the first $720 in earnings plus one-half of the remainder—other deductions are allowed for costs of child care and for income earned by a student; and, as a general matter, the family then receives the difference between $1,600 and its net income.

Since the Federal floor of $1,600 is less than the payment standard under AFDC in 42 States, the proposed Family Assistance Act requires the States to supplement the Federal payment for such recipients up to the payment level in effect in the State as of January 1970, or up to the poverty level, whichever is lower. The House-passed bill provides for 30-percent Federal sharing in the cost of these supplementary payments.

However, no matching is available for supplementary benefits paid to the "working poor" nor is there any requirement in the act for the States to pay such benefits to the "working poor." The proposed Family Assistance Act provides, as passed by the House, that supplementation must apply to:

"Any family other than a family in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed."

When he appeared before the Committee on Finance on July 21, 1970, Secretary of Health, Education, and Welfare Elliot L. Richardson noted three undesirable social consequences of the exclusion under current law.

First, the exclusion constitutes a basic inequity, since working poor families may have financial need equal to that of families in which there is no full-time working male, yet they are unable to receive Federal public assistance under current law. As the Secretary noted:

"This unwise and unjust public policy has had predictable results in terms of social tensions. First, an understandable discontent has been generated among those who are excluded and who see others no worse off than they being assisted. Second, ominous racial overtones have developed since current AFDC recipients—those who are helped—are about 50 percent nonwhite, while the working poor—those who are excluded—are about 70 percent white. This country can no longer afford to have one of its most important and needed anti-poverty efforts viewed by many of its citizens as a divisive, unfair and arbitrary failure. Such a view does not help to bring us together, does not promote understanding among people, and does not help to restore public confidence in the wisdom of our social policies."

Second, the exclusion produces an incentive for male heads of households to work less, rather than more. The current welfare program includes, in a number of States the "AFDC unemployed fathers" program under which families headed by father working no more than 30 hours per week—for 35 hours, at each State's option—are eligible. Thus a father who is on welfare is better off working no more than 30 hours a week. If he works more than that, he is suddenly no longer "unemployed" and he loses assistance. I ask unanimous consent that a table indicating the States with AFDC-UF programs be printed in the RECORD at the conclusion of my remarks.

Third, the exclusion of the working poor has provided encouragement for families to dissolve or for couples never to marry. In situations in which a full-time workingman is not making as much as the mother of his children could receive in welfare benefits, the couple is financially better off if the man leaves home. Over 70 percent of the fathers of families currently on AFDC are "absent from the home."

Mr. President, the considerations which have prompted the administration to include the "working poor" under the basic Federal payment apply equally in respect to the supplemental payments. For example, in States that now provide a total AFDC payment of $2,000 or more, a mother and her three children would receive a payment of $2,000 under the present AFDC program. Under the Family Assistance Act, she would also receive $2,000—consisting of the $1,600 Federal family assistance payment and a $400 State supplementary payment. However, the same family of four, consisting of a mother, a father, and two children would receive $1,600 and no State supplementation.

There are more than 35 States in which the total payment exceeds $2,000 and, in fact, 22 States in which it exceeds $2,500 providing, in effect, an even greater incentive not to work and greater encouragement for the male to leave the home. I ask unanimous consent that there be included in the RECORD at the conclusion of my remarks a table prepared by the Department of Health Education and Welfare, indicating the expected levels of supplementation for each State above the Federal payment.

Mr. President, the Department of Health, Education and Welfare has indicated that, if the working poor were supplemented, as proposed under my amendment, 1,473,300 families would be included; under the act, as passed by the House only 924,600 working poor families would be covered for purposes of the $1,600 payment only I ask unanimous consent that a chart entitled "1971 Estimated Caseloads of Working Poor Under H.R. 16311" prepared by the Department of Health, Education and Welfare, be included in the RECORD at the conclusion of my remarks.

Mr. President, my amendment would also eliminate a provision in the House-passed bill submitted by the administration to the Finance Committee on June 11, 1970. During the spring hearings, the committee had noted that under the House-passed bill, a work incentive and an equity issue was left in the AFDC-UF category. As I indicated earlier, under the program, which is in effect in 23 States, families headed by fathers working no more than 30 hours per week—or 35 hours, as each State's option—are eligible for State supplemental benefits. The committee pointed out that this was inequitable to a family headed by a full-time, working male. In commenting on this discrepancy in his testimony on July 21, 1970, Secretary Richardson stated:

The Administration has proposed eliminating this problem by abolishing the federal matching assistance for recipients in the Unemployed Fathers category—about 90,000 families out of a total AFDC caseload of almost 2-million families. As a result, all male-headed families would be treated alike, and an unbroken set of incentives would apply.

He indicated that although one means of eliminating the discrepancy was mandating the extension of State supplementation to the working poor, it was considered too costly; he estimated that such inclusion could cost approximately $1 billion in fiscal year 1971.

Experience in the six States which now provide assistance to the working poor—Pennsylvania, Massachuestts, Illinois, New Jersey, Rhode Island, and New York—indicates that such programs are underutilized even in States that have a high rate of utilization of all other categories of aid.

Moreover, as noted by Assistant Secretary of Labor Jerome M. Rosow in the Wall Street Journal, March 30, 1970:

"One fact to bear in mind about the working poor is that they are not likely to become long-term recipients of assistance payments. Because of rising wage scales due to increased productivity, about 200,000 of the working poor rise above the poverty line each year. Upgrading efforts on the part of the manpower agency will increase this movement to self-sufficiency."

In fact, inclusion of the working poor in the State supplementary benefit program should eventually reduce the costs of welfare as a whole as individuals move off welfare as a result of increased earnings.

With respect to the ability of the States to assume any additional costs arising from the inclusion of the working poor, I wish to indicate that this amendment is offered in conjunction with Amendment No. 802 to H.R. 16311, which I introduced with a number of other amendments on July 31, 1970. This latter amendment would provide for Federal sharing in State supplementary payments on a variable basis ranging from 50 to 83 percent depending upon State fiscal capacity, rather than on the 30 percent basis

prescribed for all States under the House-passed bill.

As President Nixon emphasized in commenting on the scope of his welfare reform proposals on August 11, 1969:

"These are far reaching effects . . . they cannot be purchased cheaply or by piecemeal efforts."

The administration deserves credit for understanding the long-overdue overall reform of our welfare system and for including the working poor under the Federal benefit portion of the Family Assistance Act, but we must be assured that we begin with a consistent approach, and that we do not perpetuate in the new law the inequities which we hope to eliminate from the AFDC program.

When we review this legislation as a whole I consider the matter of including the working poor in these supplemental payments as one of high priority, along with the inclusion of single persons and childless couples, increases in the basic level, and in Federal sharing in the interim.

Mr. President, the amendment I have submitted is designed to correct a very serious inequity which appears in the administration's proposed Family Assistance Act. This inequity inures in the fact that if a welfare eligible family is headed by a fully employed male that family is penalized by not being the beneficiary of State supplementation, required for female headed families, amounting to the difference between the $1,600 Federal base which will be established for a family of four, and whatever amount the State pays.

Hence, those male heads of poor households in the working pool will be discriminated against and yet the interesting thing is that it is these poor who are the most quickly working themselves off the welfare rolls.

About 200,000 of the working poor rise above the poverty level every year. This, hence, is the area where we should be in a position to give this final little shove which will get these people above the poverty level. Yet, it is precisely these persons whom the House bill discriminates against.

Accordingly, I am presenting this amendment. I hope very much that it will be included in the bill as passed. I would like to enlist the aid and assistance of my colleagues in the matter.

I have noted recent reports that Secretary Richardson testified that the estimated cost of this amendment is $1 billion. That is a figure which is based upon the worst possible capabilities which adhere in the situation, rather than what would be normal and expected on the record.

We are not figuring the cost of a potential atomic bomb in this matter. We are trying to get a reasonable figure for the families who will require this kind of assistance. The figure of the Health, Education, and Welfare Department must be regarded as inflated, and I shall demonstrate that as I go along.

We are still up against the hard rock of dealing with a clear and blatant discrimination against the most deserving families rather than the least deserving, mandating the supplementation which States pay and which will not be required for families in which the father is doing his job and working full time and not making the grade.

I think that this is most unfair. I believe that the Senate will give its sympathetic consideration to so obvious an inequity. I hope very much that the Finance Committee in its effort to turn this bill into a "workfare" bill, will do something about this. I am sure that they will give their attention to the problem. I urge them not to be scarced off by the HEW figure, but to break it down and see what it reasonably may be.

I shall point out two reductions in the figure: First, the fact that so many of these families escape poverty which is a very refreshing experience in welfare; in addition, because of the characteristics of the people we are dealing with, this is one of the materially underutilized elements of welfare in every State in which it exists. Many working poor families have tremendous pride and dignity and do not want anything to do with a welfare existence if they can avoid it.

Mr. President, I ask unanimous consent that certain charts showing the States that provide aid in the various categories to which I have been referring, the nature of the supplemental aid by State, and the estimated caseload by State be printed in the RECORD.

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

TWENTY-THREE STATES WHICH PROVIDE AID TO FAMILIES WITH DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

California, Colorado, Delaware, Hawaii, Illinois, Kansas, Maine, Maryland, Massachusetts, Michigan, Missouri, Nebraska, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Utah, Vermont, Washington, West Virginia.

Source: Department of Health, Education, and Welfare, March 31, 1970:

State supplemental payment to an eligible family of 4 with no other income[1]

Alabama	0
Alaska	$620
Arizona	602
Arkansas	0
California	1,052
Colorado	768
Connecticut	2,000
Delaware	188
District of Columbia	1,327
Florida	5
Georgia	0
Hawaii	1,508
Idaho	1,328
Illinois	1,556
Indiana	200
Iowa	1,315
Kansas	1,244
Kentucky	356
Louisiana	0
Maine	416
Maryland	752
Massachusetts	1,772
Michigan	1,532
Minnesota	1,868
Mississippi	0
Missouri	0
Montana	829
Nebraska	800
Nevada	116
New Hampshire	1,304
New Jersey	2,564
New Mexico	592
New York	2,156
North Carolina	319
North Dakota	1,532
Ohio	716
Oklahoma	620
Oregon	1,087
Pennsylvania	2,012
Rhode Island	1,460
South Carolina	0
South Dakota	1,712
Tennessee	0
Texas	173
Utah	728
Vermont	1,856
Virginia	1,245
Washington	2,252
West Virginia	53
Wisconsin	776
Wyoming	800

[1] Under H.R. 16311 as amended June 1970. Based on April 1970 AFDC payment levels.

Source: Department of Health, Education, and Welfare.

1971 ESTIMATED CASELOADS OF WORKING POOR UNDER H.R.16311

[In thousands]

United States	Working poor families receiving FAP only	Working poor families receiving FAP and/or State supplement if working poor are supplemented	Increase in number of working poor families who would receive benefit
Alabama	31.6	39.5	7.9
Arizona	9.0	15.7	6.7
Arkansas	15.7	15.7	
California	45.9	102.3	56.4
Colorado	18.2	18.2	
Connecticut	7.7	11.8	4.1
Delaware	5.1	5.1	
District of Columbia	1.2	1.2	
Florida	34.1	43.0	8.9
Georgia	43.6	45.2	1.6
Hawaii	2.8	4.3	1.5
Illinois	25.5	76.8	51.3
Indiana	10.9	20.9	10.0
Iowa	19.2	37.9	18.7
Kansas	7.1	15.2	8.0
Kentucky	22.5	27.8	5.3
Louisiana	36.8	53.9	17.0
Maryland	7.7	9.2	1.5
Massachusetts	2.3	16.3	14.0
Michigan	20.1	35.4	15.3
Minnesota	23.2	64.9	41.6
Mississippi	33.2	34.5	1.3
Missouri	20.9	51.5	30.5
New Jersey	14.4	40.9	26.5
New Mexico	9.0	10.3	1.3
New York	40.3	106.3	66.0
North Carolina	46.5	46.5	
Ohio	31.8	31.8	
Oklahoma	11.6	12.9	1.3
Oregon	7.3	13.3	6.0
Pennsylvania	45.4	69.1	23.7
Rhode Island	1.3	5.5	4.2
South Carolina	16.7	23.2	6.4
Tennessee	32.8	37.9	5.1
Texas	70.8	80.0	9.2
Utah	1.2	16.3	15.1
Virginia	30.8	38.2	7.4
Washington	8.3	19.5	11.2
West Virginia	10.2	10.2	
Wisconsin	15.4	29.1	13.7
Other States:			
Northeast (Maine, New Hampshire, Vermont)	17.2	42.2	25.0
North Central (Nebraska, North Dakota, South Dakota)	53.6	74.6	21.0
West (Alaska, Idaho, Montana, Nevada, Wyoming)	15.0	18.8	3.8
Total	924,600.0	1,473,300.0	548,700.0

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. FULBRIGHT. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. The pending business is H.R. 18306, with the amendment of the Senator from Iowa (Mr. Miller) being the pending question.

The amendment (No. 1081) is as follows:

"Chapter 4.—ANNUAL REPORT OF NATIONAL ADVISORY COUNCIL

"§ 41. Annual report

"The National Advisory Council on International Monetary and Financial Policies shall include in its annual report to the Congress (1) a statement with respect to each loan approved by the International Bank for Reconstruction and Development, the In-

ternational Development Association, the Inter-American Development Bank, and the Asian Development Bank, and a discussion of how each loan will benefit the people of the recipient country, and (2) a statement on steps taken jointly and individually by member countries of the Inter-American Development Bank to restrain their military expenditures, and to preserve and strengthen free and democratic institutions."

Mr. FULBRIGHT. Mr. President, since the last consideration of this subject, when I made the formal presentation on this bill, and the delay which has been caused by the opposition of the Senator from Tennessee, who I thought would be here—I am informed he is on his way. I believe we might proceed with the amendment of the Senator from Iowa.

The President of the United States has sent a letter to the President of the Senate, addressed, of course, to those Senators who are interested in the bill. I had discussed this matter with the Treasury, and the letter was sent in order to manifest to the country and to the Senate the real and very serious interest that the administration has in this measure. I shall read to the Senate the letter, dated December 3, 1970, from the President of the United States addressed to the President of the Senate. It reads as follows:

DEAR MR. PRESIDENT: There is now pending before the Senate a bill of vital importance to the international economic, financial, and political interests of the United States. H.R. 18306 authorizes increased U.S. participation in four multilateral financial institutions: The International Monetary Fund, the World Bank, the Inter-American Development Bank, and the Asian Development Bank.

We and many other nations have given those institutions strong support in the past. They have earned this support by using their resources well in the service of a growing and prosperous world economy, a more stable international monetary system, and a more rapid growth of the developing countries. Their hallmark is shared contributions, impartial expertise, and the assurance of high standards of economic performance.

In asking the Congress to adopt this legislation, I have taken particular care to see that the financial obligations it entails are compatible with this Administrtion's fiscal programming. H.R. 18306 is a prudent and financially responsible combination of contingent liabilities, monetary transactions, and expenditures carefully spaced over a long period of time.

A large part—almost $900 million—of the total authorization represents contingent liabilities and will enable the World Bank and the Inter-American Development Bank to borrow further in private markets to carry out important parts of their lending programs. This guarantee or callable capital subscription should not involve budgetary costs.

Another substantial portion of the authorization—$1.5 billion—is a monetary transaction involving an increase in our IMF quota. This Fund quota increase will not result in budgetary costs.

As to the remaining authorizations in H.R. 18306, less than $1.3 billion will require an actual expenditure of dollars; of which $35 million will be spent in fiscal year 1971, $70 million in fiscal year 1972 and $155 million in fiscal year 1973, with the rest spread out over a number of additional years.

Passage of the legislation now is essential—

To maintain United States leadership in internatioanl monetary affairs and to avoid a substantial and continuing loss in our share of allocations of Special Drawing Rights at the International Monetary Fund beginning on January 1, 1971;

To enable other countries to subscribe to almost $2 billion of World Bank capital stock and to carry out a policy of maintaining equity in Bank and Fund subscriptions which we have strongly advocated in the past;

To allow us to participate fully with other developed countries in the peaceful development of Asia; and

To join with our Latin American neighbors in an effort to speed their economic and social progress.

This legislation has my full support. In my Foreign Assistance Message to the Congress of September 15, 1970, I proposed that the United States channel an increasing share of its development assistance through multilateral institutions as rapidly as practicable. H.R. 18306 is a critically important step in that direction, and I strongly urge prompt and favorable action on it by the Senate.

Sincerely,

RICHARD NIXON.

That is the end of the letter.

Mr. President, I cannot refrain from endorsing, underlining, and emphasizing what the President says about the passage of this legislation now being essential. These are not new programs; most of these programs are on-going programs, to which the Senate and the country have been committed for a number of years, in some cases going back to the end of World War II.

The International Bank for Reconstruction and Development and the International Monetary Fund were created at Bretton Woods in the mid-1940's They have been eminently successful. The International Bank has accumulated more than $1 billion in reserves derived from operating profits. It has been very successful. Its profits are available for use in relending, and for other purposes. It has been a very well-managed operation, without any default at all, not one. It is well staffed. It is strictly international in character. Our own participation in it has been going down gradually—by that I mean the percentage—although we are adding more to it. To put it another way, other countries are picking up a greater share than they originally had in the funds which are contributed for the use of the Bank.

The Inter-American Bank is one which is very important, and it is especially important to the United States because of our relations with the Latin American countries.

The Inter-American Bank has just acquired a new president, the managing officer, who was formerly finance minister of Mexico, a man with the highest recommendations and qualifications. He is succeeding Mr. Felipe Herrera, who has resigned to return to Chile. Mr. Antonio Ortiz-Mena is a citizen of Mexico, and Mexico has conducted its affairs, I think, as well as any other country in Latin America. It has had a very successful regime there for some 40 or 50 years, ever since their revolution.

I only mention this to say that it would be doubly embarrassing, I think, if we should fail to vote this increase in our participation in the Inter-American Bank at this time. But it would be so under any circumstances. That is simply a factor which I think would add to the embarrassment of the country and certainly to the administration, if we failed to take action at this time.

The Asian Bank is the newest of this group. It has not yet fully proved itself in the sense that the World Bank has. Its purpose is quite similar to that of the Inter-American Bank. Our participation is not a major one—that is, it is not a majority one. Japan has contributed the same amount to the capital of this bank as we have, but it is participated in by a large number of countries. Again, it is an international organization; it is not just an American organization. We contributed only one-fifth, approximately, of the original capital, in contrast to a near majority of that in the Inter-American Bank.

I may say that the Asian Bank has been slow in getting underway, primarily, in my opinion, because of the war in Asia. I think otherwise it would have made greater progress, although the Bank has made a number of loans. But it has been slow to get underway because of the continuation of the war and the disruption of normal economic activities in that area.

Nevertheless, it is an idea which previous administrations supported, which this administration supports, and which the Senate has supported—an idea to pool economic resources for the development of these underdeveloped areas. It is a cause in which we believe and have believed in the past. I certainly believe it is in the interests of this country and of peace generally. To me, it is a very wise substitution of an international effort for a unilateral effort by the United States in this area. I think that in the long run it will cost us much less than if we continue the bilateral program.

I have said for a number of years that I expect to do everything I can to help this type of activity, and I think we ought to move toward the liquidation completely of our individual bilateral economic assistance, and military assistance especially, to these countries. I think we should do so for economic reasons and political reasons and military reasons.

In any case, it seems to me most improvident for us to embarrass the country and the administration at this late date by refusing to pass this bill. It passed the House; it has been pending in the Senate. It seems incredible to me to face the confusion and I think the great resentment and misunderstanding of other countries which could come from failure to pass it at this time.

I do not believe that we wish to bring upon our country the criticism that would result from failure to pass it now. This bill is very important because of the time. Many bills of a domestic nature could go over until the next session. I realize that it is late in the session. They could go over without any great harm, because we understand ourselves and can pick up and go on. But involved in this bill are practically all the countries of the world, in one way or another. Unless we really wish to have nothing to do with the outside world, assume no responsibility whatever for the continued development of these countries, this bill ought to be passed now.

January 1 is an especially important date with regard to the IMF, because on

that date the allocation of the SDR's is determined. This is a new development in the field of international finance. It is generally believed to be extremely important; it has worked very well; it is a new program. The economic world—I believe all the economists, practically without exception—believes it is essential for the stability of international monetary affairs. It would be very much against our interest to fail to pass this bill before January 1.

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

Mr. FULBRIGHT. I yield.

Mr. AIKEN. I agree with the chairman of the Committee on Foreign Relations. I think it would be very shortsighted, indeed, to waylay this bill at this time or to adopt any amendment to it which would in effect cripple our rating with the rest of the world, even though it might be advantageous to a few people.

I have found, from observing the work of the lending agencies of the world, that the international agencies are fully as practical in their dealings with the many countries which need credit as the United States has been in its bilateral arrangements. As I recall, the losses are no more, and the payments are as good or better.

I do not think the rest of the countries should look upon the United States as the only source of their economic improvement, particularly when we are not doing so well in the United States today. We may be calling on the World Bank and some of these institutions before we know it, unless conditions start improving pretty soon; and they are still getting worse. So I think that the more we can turn to the international banking operations, the better it is for us economically, politically, and socially.

A new president of the Inter-American Bank has just been elected. I understand that he is a very good man. He comes from a very good country. I know that. Certainly, we should have more consideration for our neighbors in the Western Hemisphere. They say that we take them for granted, and they are almost right—not quite, but almost. I think we have to show them that we are working with them as a member of the team and not as a captain and coach of the team, telling each one what they should do, because they are not going to do it, anyway.

As for the Asian Bank, Japan has come in, I believe, on an equal basis with the United States, and there will be need for that, unless we continue the war over there indefinitely, and we are not going to be financially able to do that forever. We have been getting the unfavorable results of war already, with inflation and crime which are the stepchildren of war. I should be very much disappointed if we gave the rest of the world the impression that we have gone back on them, particularly the countries in the Western Hemisphere, by failing to act on this matter at this time.

Approval of this legislation would not require a big cash outlay on our part. In fact, I think that the appropriation which was proposed for the SST yesterday would amount to more than all the budgetary costs to the United States of all these international banking agencies over the next 3 years.

Mr. FULBRIGHT. Mr. President, at the end of the President's letter he outlines that for the next 3 years—in fiscal 1971, $35 million; in fiscal year 1972, $70 million; and in fiscal year 1973, $155 million. In other words, the SST was more than the cash outlay this will require for the next 3 years.

Mr. AIKEN. I do not say that the international lending agencies are perfect by any means, but I also do not say there are not always some that will turn those operations to their own personal or group advantage. Even in writing the legislation, we come to that situation. But I do hope that we can enact this legislation without delay because it will go far toward restoring our standing in some parts of the world where it is somewhat shaky now.

Mr. FULBRIGHT. I appreciate the Senator's comments. I think he is quite right.

Mr. MILLER. Mr. President, what is the pending business?

The PRESIDING OFFICER. The amendment of the Senator from Iowa (Mr. MILLER) is now pending.

Mr. MILLER. Mr. President, I modify my amendment and send to the desk a copy as modified, and ask that it be stated.

The PRESIDING OFFICER. The amendment, as modified, will be stated.

The assistant legislative clerk read the modified amendment as follows:

At the end of the bill add the following new chapter:

"Chapter 4.—ANNUAL REPORT OF NATIONAL ADVISORY COUNCIL.

"Sec. 41. Annual report

"The National Advisory Council on International Monetary and Financial Policies shall include in its annual report to the Congress (1) a statement with respect to each loan approved and outstanding, made by the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, and the Asian Development Bank, including an evaluation of new loans made by said organization and a progress report of the project covered by each loan, and a discussion of how each loan will benefit the people of the recipient country, and (2) a statement on steps taken jointly and individually by member countries of the Inter-American Development Bank to restrain their military expenditures, and to preserve and strengthen free and democratic institutions."

The PRESIDING OFFICER. The amendment is modified as requested.

Mr. MILLER. I thank the Chair.

Mr. President, this amendment is substantially the same as the printed amendment No. 1981 on Senators' desks; but I have modified the original amendment to make the report to Congress by the National Advisory Council on International Monetary and Financial Policies more meaningful.

Senators will recall that this new chapter 4 is substantially the same as what was chapter 5 in the House-passed bill, which the Committee on Foreign Relations recommended be deleted from the bill.

However, as modified, I believe that more meaningful information will be provided Congress, which will give Congress a much better picture of what is happening by way of the lending and the projects covered by the lending activities of the international organizations.

I have said for some time that I favored an increasing use of the multilateral approach in our foreign aid efforts. That does not mean that I want to see all multilateral aid and no bilateral aid. I feel that we should have a better mix than we have been having. The President's letter to Congress, which the Senator from Arkansas (Mr. FULBRIGHT) has read, indicates that this is the direction the administration would like to have us move along, and that is the direction which the pending bill would have us move along also.

At the same time, as I pointed out the other day, there have been some reports indicating abuses in the case of the Inter-American Development Bank of good sound practices, the kind of practices that do not square with the type of efforts Congress has indicated should be made in all foreign aid programs, be they bilateral or multilateral.

I would like to see the amendment go a little further than it does. However, I think that from the standpoint of multilateral agencies, it goes about as far as we can at this time.

I would expect that, in implementing the amendment, the National Advisory Council on International Monetary and Financial Policies would draw much of its information from the lending administration of the respective international institution. I see no reason why such lending administration should not give access to the information required here to the National Advisory Council. Additionally, this will give Congress more of an independent look at how the projects are moving.

Of course, here again the National Advisory Council would probably have to rely to a great extent on the information available to the international institution headquarters, although possibly field trips would be indicated in order to give Congress an appraisal of the projects covered by the loans.

What I have envisioned here is something that would not only be helpful to the appropriate committees—Foreign Relations and Appropriations—but to every Member of Congress would, once a year, have available to them a running account of the outstanding loans and a running account of the projects covered by the loans, so that we, in turn, can persuade the taxpayers, who are paying for U.S. participation that their money is, in fact, being utilized for the purposes we all desire.

I have discussed this amendment with my colleague from Arkansas (Mr. FULBRIGHT) and I hope that he will see fit to accept it, because I think it will strengthen the bill and strengthen the whole program.

Mr. FULBRIGHT. Mr. President, as the Senator has correctly stated, the committee had no direct evidence of this but we did discuss it with the Treasury Department. I have discussed it with the Treasury Department. There is some question about how many reports will be wanted. The Senator is quite correct in wishing appropriate information in or-

der to form our judgments about the operation of the banks. Really, the only question is, Do we go further than is needed?

So far as I am concerned—and I understand that the Senator has discussed this with representatives of the Treasury, and I have discussed his previous proposal with the Treasury, not as amended but the changes are slight—I am unable to see any serious change, it seems to be a slight elaboration, to make it a little more full—that is, as to the amount of the reporting—so that I would be inclined and am willing to take it to conference.

If there are changes of a minor nature in the language that the administration wishes to make, we would submit it to the Senator from Iowa, and then work it out. In other words, I do not think there is any serious obstacle to it. In fact, it could be very useful. So I would be disposed to accept the Senator's amendment and take it to conference. It is similar to what is in the House bill, so I do not believe there will be any serious problem.

Mr. MILLER. Let me say to the Senator from Arkansas I do not think there will be either.

Let me ask the chairman of the Foreign Relations Committee this question: Although this is not set forth in the amendment, or in the bill, can the Senator tell me whether the Committee on Foreign Relations even now is obtaining information, or whether it can obtain information, and if it is now obtaining information, that is fine—but if it is not now obtaining information, whether the Committee on Foreign Relations would obtain information more or less on an annual basis, which would cover such questions that many of us are asked from time to time?

For example, what is the proportion of the employment in each international organization—that is, the United States and some other countries?

Mr. FULBRIGHT. Let me say to the Senator that our representatives on all these organizations report to the Treasury Department. Whenever we wish any information, detailed or otherwise, we usually make the request through the Treasury Department. We do not directly have access, as a Senate committee, to an international organization's affairs, but we have indirectly through our U.S. representatives on the boards of directors. As a matter of fact, the President of the World Bank has always been an American. In addition to that, we have a representative who is an executive director from the Treasury.

We have voluminous information. Here are some bank reports, to give an illustration of how voluminous the information is. It is so voluminous that it takes some time to digest it.

If the Senator is interested, it is available to him.

Mr. MILLER. Mr. President, suppose that a Member of the Senate were to come to the committee staff and say, "Would you please tell me how many employees there are on the IBRD and how many are U.S. citizens and how many are from other countries?" Would that be available to the Senator? Would he be able to get the information on how much each employee's salary and allowances are and what the expense allowances are for each employee?

Mr. FULBRIGHT. We have much of that available. We have very voluminous information. I do not know whether the Senator means each employee down to the clerks. But if the Senator means an officer or major employee, it is correct that we could obtain most, if not all, such data. If the Senator has a specific case in mind, I could get the information for him.

Mr. MILLER. The reason I asked the question was that I had a question in my mind as to whether the officers' salaries and especially the allowances, the travel expense accounts, of some officers of some organizations are not out of line. I think that if Senators have access to this information or that if the information is available to the staff of the Foreign Relations Committee and it can be obtained, we will all feel better about it. I must say that I do not know. That is the reason I am asking the question.

Mr. FULBRIGHT. Mr. President, I believe we can get the information the Senator wants. I have just been handed a note stating that there are 2,023 employees of the IBRD of whom the U.S. employees constitute 593. As to their rate of pay, I am sure it is generally available if the Senator is interested.

We are particularly familiar with the organization of the World Bank and the IMF because we have been doing business with them for a long time. I am sure that we can get the information.

About a year and a half ago we had more than the usual amount of communications with the World Bank. We met with the then president and discussed their affairs at considerable length. They are very cooperative in making information available when we request it. However, as a matter of proper protocol and proper relations, much of this is done through our representatives on the International Bank. They are not directly answerable to the Foreign Relations Committee. Eugene Black, a former president, who did much to help create the International Bank, would have an informal session and meeting with the membership of the committee. However, he would not come to a formal meeting because he would have to do it with all countries. I think that there were 57 member countries at that time. It would be an intolerable situation that he could not possibly fulfill. He was always most accommodating.

I am sure that the present president would meet either with the committee informally or with individuals. I am sure that we can get the answer if the Senator has any particular loan or individual in mind. I believe that we can get the information for him. The Senator's amendment simply formalizes in a sense part of that.

Mr. MILLER. My amendment formalizes only part of it. I said that I did not intend to elaborate upon the language of the amendment to the extent of covering things which are already available to the staff of the Foreign Relations Committee and, in turn, to Members of the Senate. But I have the feeling that it might be helpful from time to time, possibly once a year, if some kind of report might be forthcoming from the Foreign Relations Committee covering various foreign aid activities, which would include the information available to the committee such as the proportion of U.S. citizens in the employment of these various organizations and something about the salary schedules and allowances, travel allowances, and perhaps an evaluation of the management control that is exercised by each organization. I think that it would be helpful to have that. In fact, if we had had it, I think that some of the practices which I referred to the other day with respect to the Inter-American Bank might not have occurred.

With a new president coming into the bank, and one whom I have been told is a very knowledgeable and fine gentleman, I would hope that there would be management team put in so that these practices would no longer be repeated. Nevertheless, I think we ought to have some information once a year which the committee could give us in order to help us to know what is going on.

If we have knowledge that things are going along all right, I do not think we will have any more difficulty in moving toward more multilateral aid than we had before.

Mr. FULBRIGHT. I thank the Senator.

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

Mr. MILLER. Yes, indeed.

Mr. AIKEN. Mr. President, I have found no difficulty in getting detailed information relative to the affairs of these banks that have American representation on them, although there is so much detailed information that I hold my requests to a minimum.

I also want to say that although in the past proposals have been made relative to auditing the affairs of the international organizations by our auditors such proposals would be unworkable as well as unsound and probably illegal.

In going over the amendment of the Senator from Iowa, I find no harm at all that could come from accepting it. Possibly some good might come out of it.

Mr. MILLER. I thank my friend, the distinguished Senator from Vermont.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Iowa.

The amendment was agreed to.

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

Mr. FULBRIGHT. Mr. President, would the Senator withhold that request. I know of the Senator's deep feelings about the bill. We had an exchange a few days ago concerning this. I wonder if the Senator would be willing to confide in the Senate and in me what his intentions are with respect to the bill. We are all aware of the lateness of the session and the situation that exists in the Senate.

I have great respect for the Senator from Tennessee. He is one of the most dedicated and able members of the Committee on Foreign Relations. He and I have not seen eye to eye on the question of foreign aid, as to whether it should

be multilateral or bilateral. That is a perfectly legitimate difference of opinion.

Mr. President, I do not wish to argue about the matter now. However, with respect to the matter of procedure, it would be a great convenience to the Senate to know if the Senator is determined to prevent any vote on this bill prior to the recess. I am certainly willing to engage in debate, to answer questions, or to argue the matter. However, as the Senator knows, a lot of other matters are pending. He and I are on the Finance Committee. We have had a lot of meetings trying to report a most complicated bill that deals with social security and foreign trade.

This is information that I would like to know in order to plan our program and know what to expect. Would the Senator be willing to confide in me his intentions at this time before he asks for a live quorum?

Mr. GORE. Mr. President, I will be happy to inform the Senator, but not necessarily to confide in him in a public session.

Mr. FULBRIGHT. I accept the distinction.

Mr. GORE. I am happy to inform the Senator that it is my purpose to undertake to persuade the Senate that passage of this bill would be unwise and improvident, and, indeed, an irresponsible treatment of taxpayers' funds. Neither the Senator nor any Member of this body can cite one specific project, or one specific program in any country in the world for which the taxpayers' funds would be hereby disposed.

I know the able Senator is disenchanted with bilateral foreign aid. It is disenchanting. Yet if this country is going to disburse the funds of its taxpayers in the course of foreign aid, I see no substitute for responsible determination of the purposes for which those funds are to be used. I know also that there is a vast bureaucracy and an even vaster array of business interests that feed and thrive upon foreign aid. I do not say this necessarily in a critical nature. Such is the case with almost any undertaking of the Government. But these interests, both business and bureaucratic, become vested, and the continuation of the activity in some acceptable form becomes an object of their affection.

As the disenchantment of the distinguished chairman and the American people with bilateral foreign aid has been noticed, these interests have shifted pressure, plans, and programs to soft loan operations, or so-called international banks. They call it multilateral aid and name it a bank.

I notice, with respect to my distinguished friend, with whom I have enjoyed serving, that, if it is called multilateral and a bank is named, the sympathy of the distinguished chairman of the committee has already been won.

Instead of that being a responsible disposition of taxpayers' money, it seems to me a highly irresponsible action. It was only 2 years ago that the Inter-American Development Bank received from this Congress $900 million. Only 2 years later these interests now ask for $1.8 billion. The Bank has not even used more than about one-half of the $900 million given 2 years ago—mistakenly, I believe.

Why the $1.8 billion now? Last Monday the Senate passed a bill involving something more than $2 billion for foreign aid; last Wednesday President Nixon froze the funds for resource development loans in every State in the United States.

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

Mr. GORE. I shall yield in a moment.

Mr. BYRD of West Vrginia. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. GORE. It seems to me that when funds are frozen and water, resource, and recreational development programs are stopped in every State in the Union, including Arkansas and Tennessee, programs which Congress has approved, programs which the people have endorsed, funds which Congress has appropriated, it is a bit improvident for Congress to vote almost $4 billion in this bill for purposes which no Member can cite in specifics. How irresponsible can we be toward the disbursement of taxpayers' funds?

I have just one other point and then I shall yield further to the able Senator.

The distinguished Senator from Iowa said he had heard what, I believe, he described as disturbing reports about the Inter-American Development Bank. I have a notebook full of such reports which are specific. I am not prepared to say a scandal is involved; but I am not at all sure that there is not.

The able Senator from Iowa asked about the employees of the Asian Bank. The last report I have is as of December 31, 1969. According to the report, the Asian Bank then had 438 employees. They have done very little. What have they done? Of the 438 employees, the United States has only 11. This is a so-called "bank." It has not the first earmark of a bank. The United States contributes vastly to the program and has 17.5 percent control, or no effective control at all. This is for Asian politicians.

But to come back to the Inter-American Development Bank, I have many clippings and news releases here to the effect that the recently retired president of the Inter-American Development Bank used the Bank, used the prestige of the Bank and the U.S. support of that Bank in political support of Allende in Chile.

I wish to discuss in some detail the disturbing reports about the operations of the Inter-American Bank. I think when I have finished, when I can obtain the attention of the Senate I can convince the Senate that it is untimely to provide an additional $1.8 billion for soft loans which are never expected to be repaid to the U.S. Treasury, only 2 years after this Congress, in great generosity, provided $900 million

After I have undertaken to persuade my colleagues in the Senate of the improvidence of the bill I will then move to recommit the bill to the distinguished committee on which I have the honor to serve.

Does that satisfy the Senator?

Mr. FULBRIGHT. I wish to make one comment. The $900 million to which the Senator referred was for 3 fiscal years, 1968, 1969, and 1970, or $300 million a year for the Inter-American Development Bank.

But I did not wish to precipitate at this stage particularly the argument on the merits. The Senator referred to the passage recently of the bilateral foreign aid bill. I felt very much about that bill as the Senator does about this bill but I did allow it to come to a vote; I did not delay it.

Certainly the Senator is entitled to all the time that he wishes. That is provided in the rules of the Senate. I was wondering if the Senator would be willing for the matter to come to a vote today so that the Senate might decide. That is what I really had in mind. I wonder if the Senator would be willing, after he has explained his objections to the bill, to allow the Senate to vote on it.

Mr. GORE. As long as my voice is raised in this Senate it will be the voice of the people and what the senior Senator from Tennessee conceives to be the public interest. I do not believe it is in the public interest to pass this bill at this time. I shall undertake to persuade the Senate not to pass it. I shall undertake to defeat the bill.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. FULBRIGHT. Would the Senator be willing to offer an amendment to table it as a device with which to dispose of it before the end of this session, or recommit it?

Mr. GORE. I would not be arbitrarily averse to that. I do not think I have ever offered a motion to table. I would prefer to see it go back to the committee, where it could be treated with the proper hearing and investigation. Were I privileged to continue in the Senate, it had been my purpose to insist upon a thorough investigation of the Inter-American Development Bank.

As I said earlier, I am not prepared to charge that scandalous conduct has been engaged in. I do not feel good about what I learned. I do not want to go any farther than that now, but I think the committee ought to have answers to some of the questions proposed by the Senator from Iowa. I think the Senate ought to know something about the purposes for which the funds are to be used and the manner in which they are to be used.

The President and the Vice President of the Inter-American Development Bank live like monarchs, with vast salaries, vast unaccounted-for spending accounts, long limousines with chauffeurs available for their wives or anyone else. The American taxpayers are paying for it, and I think the Senate ought to know in detail what is being done with the funds which this country is providing.

Therefore, rather than table, I would prefer to see it go back to the committee and have the careful investigation which the amount of money involved and the importance of this undertaking require.

Mr. FULBRIGHT. I do not quarrel with the Senator on whether he tables

or recommits; I am only trying to elicit from him whether we can get a vote on it. That is the only thing I request of the Senator. For obvious reasons, time is growing short. I am asking if he will allow us to vote on it.

What the Bank has already done is available. I do not think any bank can tell us what it is going to do in the future. It cannot specify every loan. No bank can do that. Even the private banks cannot do that.

I do not wish to bother the Senator with a discussion of that aspect, but I am extremely interested in knowing whether or not he will allow us to vote on it on any kind of question—a vote up or down, or a motion to recommit.

May I say, purely for the record, that I believe the salary of the president of the Inter-American Development Bank is $35,000, plus a $10,000 expense account. That is our information. If the Senator knows anything contrary to that, it would surprise me. All that information is contained in the material that is available.

Mr. GORE. Is that salary taxable?

Mr. FULBRIGHT. I do not think so. This is customary in international organizations. He is not a citizen of America. Whether it is taxable to his own country, I do not know.

Mr. GORE. The vice president is a citizen of this country. Is his salary taxable?

Mr. FULBRIGHT. In one sense, it is taxed, but the Bank makes up the difference and pays it to him. So, in real terms, the salary is not taxable like the Senator's or mine is, but I think this is customary in all international organizations. If they have to pay a tax under the laws of this country, the Bank will make it up.

So I think, to be honest about it, one would have to say that it is nontaxable. I do not know how we could solve this kind of dilemma when the Bank makes up the taxes on the salaries which technically are taxable; but when those men are hired, that is the understanding.

Mr. GORE. I hope the Senator will let me bother him about some of the details which I wish the committee had examined.

Mr. FULBRIGHT. I am willing to be bothered, if the Senator can give some idea when we can come to a vote. I have no particular desire to discuss this for the next 2 weeks and not get to a vote on it. That would be rather difficult. I am getting too old to engage in that. But I am certainly willing to discuss the details if there is any assurance that we can get to a vote.

Mr. MILLER. Mr. President, will the Senator yield to me for a moment?

Mr. GORE. Not just now. I will in a moment.

Let me advise my friend and my distinguished colleague and neighbor, he may be aware that through my service I have been a sort of broken field runner. I am running hard on this bill. It is contrary to the public interest. It has not been thoroughly studied. Necessary investigations have not been made. I intend to defeat the bill if I can, and I think I can, by a majority vote. It is my plan to recommit the bill on Monday, but it will require me to have the remainder of the day to undertake to persuade my distinguished colleague about the lack of merit of this legislation.

Mr. FULBRIGHT. I appreciate that very much.

Mr. GORE. Mr. President, the Senator from West Virginia had asked me to yield. I yield to him.

Mr. BYRD of West Virginia. Mr. President, I thank the Senator for yielding, but he answered my question. My question was going to be with reference to the procedure for the rest of the day. I was going to inquire whether it was his intention to move to recommit the bill today.

Mr. GORE. Monday.

Mr. BYRD of West Virginia. I thank the Senator. He has answered my question.

Mr. GORE. I yield now to the Senator from Iowa.

Mr. MILLER. The Senator from Tennessee has partially answered a question I had, but I thought I also might point out that, in addition to a motion to recommit or a motion to table, there are other options. The Senator from Tennessee would be just as aware as I am about that, but I thought I might ask him what his feeling would be toward possibly an amendment to the bill.

The Senator from Arkansas has indicated a time problem on the IMF aspects of this measure. The Senator from Iowa has been somewhat concerned about the $1 billion for the IDB on top of the previous amount the Senator from Tennessee has referred to.

So I think we have options here. We do not necessarily have to approve the whole bill. We do not necessarily have to approve the $1 billion for the IDB soft loans. We could authorize $200 million, for instance.

I was wondering if the Senator had any feeling along those lines.

Mr. GORE. Mr. President, I favor the portion of the bill providing additional funds for the International Monetary Fund. I think that is a praiseworthy operation.

Mr. MILLER. Mr. President, will the Senator yield further?

Mr. GORE. Let me go one step further. On that portion of the bill alone, I would vote in favor.

I think, quite inadvisedly, the other body lumped the Asian Bank and the Inter-American Bank into the same bill. They do not belong in the same bill. The operations of the International Monetary Fund are of one order. The soft loan operations by the so-called development banks are of an entirely different order. I think that they must have been placed in the same bill in order to ride piggyback.

To be specific, I would be amenable to taking out the funds for the Asian Development Bank, which is very premature, due to the war situation in Southeast Asia. For instance, what value would a Senator place upon the credibility of a loan now for the development of a power line in Cambodia?

After the invasion of U.S. forces there, the country has been literally torn apart. Only yesterday, the Senate Appropriations Committee once again approved, I believe unanimously, a prohibition against the use of funds for U.S. troops in Cambodia.

Without U.S. support, the Lon Nol government is on shaky legs indeed. So it seems to me that this illustrates the immaturity of the type of legislation before us with respect to the Development Bank in Southeast Asia.

Mr. MILLER. Will the Senator yield further?

Mr. GORE. I have expressed some views about the Inter-American Development Bank, and particularly since it has hundreds of millions of dollars not yet either committed or disbursed, what is the reason, in the closing month of this Congress, to grab another $1.8 billion for soft loans never expected to be repaid to the United States and, indeed, the possibility of repayment even to the bank being highly questionable, and at interest rates utterly unavailable to any community in America, or to any citizen of America?

Yes, I will say to the Senator I am not adamant about everything being defeated, I am strongly in support of the funds for IMF.

Mr. MILLER. I rather suspect that was the Senator's position. That being the case, of course, a tabling motion would go contrary not only to the portion of the bill which the Senator objects to, but also to the portion of the bill which he approves.

A recommittal motion would, of course, enable the committee to do something about it. I do not know whether they would just not do anything on it in this Congress, or whether they might modify the bill along the lines the Senator from Tennessee has talked about; but because of the time problem, it would seem to me that we might have a better chance of arriving at the conclusion of the Senate as to whether or not Senators support the real thoughts of the Senator from Tennessee on this bill if the Senator, instead of moving to recommit, would offer an amendment to change the bill to a form that he could support.

I have serious reservations about knocking out the whole $1 billion for IDB. There is a new president coming on board.

Mr. GORE. More than $1 billion.

Mr. MILLER. Well, I am talking about the soft loan window. That is the one that the Senator from Tennessee and I both have concerns over. But we have a new president of the bank coming on board, and I would like to see him succeed. I would like to see him set up his own management control team, to avoid repeating some of the errors and abuses that have occurred. I think it might be unfortunate if there were no action taken on this part of the bill at all; but that is a bridge that we could cross.

The Senator from Tennessee, for example, could seek to knock the whole IDB portion of this bill out, leaving intact the IMF portion, which he has said he approves. If that amendment succeeded, the Senator from Tennessee would be happy. If that amendment did not succeed, the Senator from Tennessee would be in a position to seek a middle ground, perhaps by reducing that portion of the IDB authorization which I have referred to, and possibly, in that

event, I could join in supporting him on that. That would be more of a middle ground, and it might have a better chance of passage.

The point I am making is that there are several options here. I wanted to find out what the Senator's thinking is, and I think he has been quite clear, not only in stating his thinking to the Senator from Arkansas but in his response to my questions.

I would hope the Senator would not get too much locked in concrete on this matter. He has said he would be willing to have a vote on recommittal next Monday. I hope he will think about it in the meantime, and possibly see fit not to go to the extent of recommitting on his first effort, but see if he cannot offer an amendment or two or three to test out the will of the Senate. If the will of the Senate is not satisfactory, then he could move to recommit or to table, and I think we might have a better chance of obtaining a consensus by way of an amendment approach rather than just an up or down vote on recommittal.

Mr. GORE. Mr. President, I find the able Senator from Iowa quite persuasive. Indeed, he may be sufficiently persuasive to move the distinguished chairman of the committee to accept an amendment striking out the Asian Development Bank and the Inter-American Development Bank. Then we could pass the bill for the IMF today.

Mr. MILLER. May I say in response to that, I think, as I have stated, that with a new President coming into the Bank, one whom we supported and one who, I understand, is a very knowledgeable and able gentleman, it would be unfortunate if we went that far.

But I do not think it would be any great tragedy if the whole amount of $1 billion were not authorized. That would get the Senator into this middle ground to which I have referred.

Mr. GORE. Let me say to the Senator, if one-tenth of what I have here purporting to be facts is true, then the new President will have plenty to do to clean up the mess that has already been made by the recently retired President and the Vice President of the Inter-American Development Bank.

The recent resignation of the President appears to me to be wholesome; but we have had no resignation of the Vice President, who must share some responsibility for what has been going on. And if cleaning up the mess that exists is not sufficient challenge to the talents and interests of the new President, then he has several hundred million dollars yet to lend without the provision of the additional funds specified here.

Mr. MILLER. What the Senator says may be true, but if the authorization for something less than the $1 billion is made—and I am thinking in terms of something considerably less—it would give the Appropriations Committees a chance to do a thorough job of reviewing the present situation, and the Appropriations Committees could do the kind of a job that I think the Senator from Tennessee would like to see done before any money is actually paid out of the treasury.

But I think, at this stage of the legislative program, some reasonable amount of authorization can be made which will not run any undue risk to the taxpayers, and at the same time will give the new president of the IDB the realization that, while we are concerned, we are not turning this thing off without any opportunity for our Appropriations Committees to go into the matter.

Mr. GORE. Mr. President, I would like the Senate to ponder the priorities here involved.

In my view, President Nixon's priorities are upside down. I have two pages of programs, of resource development, community facilities development, highway construction, water resources, sewage disposal facilities—two pages, which the President has found it necessary to stop, curtail, hold back, while recommending within 1 week the passage of a bill of more than $2 billion of bilateral foreign aid; almost $4 billion for international organizations, mostly soft loans; and $500 million approved by the House committee only yesterday for Cambodian aid.

I say this is upside down, and I wish to call to the attention of my colleagues in this body, which I love, the necessity for the Senate, for the President, and for the American people to set themselves right on priorities.

Unless we can promote the general welfare of our own country, we subvert the role of leadership, which is the potential of our country.

I have cited the fact that today, according to the testimony of the president of the American Educational Association, only one county and only one city in America can sell bonds to build school buildings at any rate of interest. When three out of four of our counties and our cities in America are unable to build schools, to add an addition to schools, then by what priority does Congress, in 1 week, pass three multibillion-dollar foreign aid bills to provide soft loans at from 1 to 3 percent interest in a whole category of other countries? If it is far away and we do not know what the money will be used for, or whether it will ever be repaid, then apparently the administration is ready to recommend it and Congress is ready to vote it. I am not, and I want to call attention to the upside-down priorities of the leadership of our country, and I shall do so in the course of the day.

ORDER OF BUSINESS

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

Mr. GORE. I had promised to yield to the Senator from Texas for a unanimous-consent request.

Mr. YARBOROUGH. Mr. President, will the Senator yield, so that I may make a unanimous-consent request?

Mr. GORE. I yield.

REQUEST FOR EXTENSION OF TIME TO FILE REPORT—OBJECTION

Mr. YARBOROUGH. Mr. President, today I present to the Senate a report of the National Panel of Consultants on the Conquest of Cancer, a report that had previously been ordered made to the Senate; and I ask unanimous consent that the time for filing the report in final form be extended until midnight today, December 4, 1970.

The PRESIDING OFFICER (Mr. BYRD of Virginia). Is there objection?

Mr. BYRD of West Virginia. Mr. President, reserving the right to object, I was just outside the Chamber, so may I ask whether this is a matter which would violate the Pastore rule, or is this a privileged matter? I did not understand.

If the Senator would just withhold his request a few minutes and then make it after the Pastore rule has run its course——

Mr. YARBOROUGH. I will return later, if the Senator objects to this unanimous-consent request at this time.

Mr. BYRD of West Virginia. I would be glad to introduce the request for the Senator, if he would like.

Mr. YARBOROUGH. I shall return to take care of the request myself.

The PRESIDING OFFICER. The Chair inquires as to whether there is objection to the unanimous-consent request of the Senator from Texas.

Mr. BYRD of West Virginia. Mr. President, I had only reserved the right to object, but in view of the fact that the able Senator from Texas has left the floor and has expressed an intention to return within a few minutes, I shall object at this point.

The PRESIDING OFFICER. Objection is heard.

U.S. PARTICIPATION IN CERTAIN INTERNATIONAL FINANCIAL INSTITUTIONS

The Senate continued with the consideration of the bill (H.R. 18306) to authorize U.S. participation in increases in the resources of certain international financial institutions, to provide for an annual audit of the Exchange Stabilization Fund by the General Accounting Office, and for other purposes.

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

Mr. GORE. I yield.

Mr. MILLER. May I say to the Senator from Tennessee that we all have ideas about priorities in this Chamber, and the Senator from Tennessee and I agree on some of them and we disagree on some of them. The Senator from Tennessee and the Senator from Arkansas agree on some and they disagree on some.

I do not know that it is going to be too helpful to the resolution of this particular problem for us to get bogged down in evaluating all kinds of priorities.

The Senator from Iowa feels this way about it: At the time when, unfortunately, those in control of this Congress have allowed our Federal Government to slip into a $14 billion budget deficit for the current fiscal year, right now—and it could be higher—as the result of which we have amendments offered here every once in awhile to reduce some of the appropriations for some very desirable and urgent types of programs, the Senator from Iowa is concerned about another billion dollars going into the IDB.

But that is not the question, because the $1 billion is not going into the IDB under this bill. As the Senator from Tennessee knows, it is an authorization bill and that only. The amount of money will be determined by the Appropriations Committee.

Mr. GORE. Mr. President——

Mr. MILLER. May I continue?

Mr. GORE. I want to correct the Senator when he adds "and that only." Then he adds something that is not correct.

Mr. MILLER. It is only an authorization.

Mr. GORE. It is more than that, I submit.

Mr. MILLER. May I finish?

Mr. GORE. Yes.

Mr. MILLER. My point is that the real hard money we are most worried about will be determined by the Appropriations Committee.

Mr. GORE. No, I do not agree with that at all.

This bill authorizes the representative of the United States to commit—and there is yet to be an action of the Senate Appropriations Committee that is less than the commitment to these international organizations.

Mr. MILLER. Where is the language that says he is authorized to commit?

Mr. GORE. The clerk of the committee will be glad to show the Senator. While he is showing that to the Senator, I should like to read the colloquy between the distinguished chairman of the committee and Mr. George D. Fischer, president of the National Education Association, concerning the difficulty of financing the construction of public schools:

Mr. FISCHER. * * * Senator, one of the tragic things, that I just touched on here is that in the last year or two about 50 percent of our bond issues have failed. Of the 50 percent that have passed only about 25 percent have been sold. Because of this inflation and the increase in interest rates, the average bank or investor that generally buys our school bonds for school construction won't buy them because they don't carry enough profit or interest.

The CHAIRMAN. Can you generalize that? Under the present situation, isn't it almost impossible to float any school bonds?

Mr. FISCHER. It is difficult to pass one because the property tax holders hate to raise their own property taxes.

The CHAIRMAN. If you passed it, I mean—

Mr. FISCHER. Then you can't sell it.

The CHAIRMAN. What interest rate would you have to pay to sell it?

Mr. FISCHER. Well, I would guess if it was going to be competitive, and we were going to try to sell all of them that passed, you would have to be up over 10 percent.

The CHAIRMAN. This is the reasons the voters don't like to pass them. They realize that saddling that kind of an interest rate on them makes it almost prohibitive.

Mr. FISCHER. They have given away a tenth of their school before they get started.

The CHAIRMAN. So it is all a vicious circle. It is the high interest rates, together with inflation which makes building almost impossible.

Mr. President, this deplorable situation, discussed in the letter I have just read, is to be compared with the money, contained in the pending bill, for loans to communities, businesses, and institutions in countries other than our own at interest rates of from 1.5 to 3 percent, in the case of the Asian Development Bank, and from 3 to 4 percent in the case of the Inter-American Development Bank. I think this is unrealistic. It demonstrates the upside-down sense of propriety and priority.

It occurs to me that something more than 4 or 5 Senators should be on the floor of the Senate to consider a multibillion-dollar bill, so I suggest the absence of a quorum.

Mr. MILLER. Mr. President, before the Senator calls for a quorum, will he yield to permit me to ask a question?

Mr. MANSFIELD. Mr. President, I, too, should like to ask the Senator to yield so that I may speak with him.

Mr. GORE. Mr. President, I withhold my request temporarily. I yield first to the Senator from Iowa.

Mr. MILLER. I should like to emphasize that while the bill authorizes the United States representative to vote in favor of an increase in the soft-loan window operations of IDB, he can vote there from now until kingdom come. But until the Senate and House Appropriations Committees give him the money, there is not going to be any money going to the bank. That is the point the Senator from Iowa wants to emphasize.

But I do agree that there is great concern on the part of all of us here about the various types of priorities.

There was concern over this development loan approach several years ago. We fought over that collectively—I do not know whether the Senator from Tennessee did—but most of us agreed that we would, through our foreign aid efforts and the taxpayers' money, give some of the developing countries some low-interest, long-term loans. That has all been fought over.

I have the greatest concern over situations the Senator was just reading about. We all have. But the question is not really before the Senate right now on what we are going to do about that, because this is an authorization bill. I want to repeat to my friend from Tennessee that I think there is a midpoint or a middle ground that might be sought with respect to this phase of the bill.

I appreciate his responses and I hope that he will ponder that over the weekend because, perhaps, this thing can be resolved to the satisfaction of most of us in the Senate.

Mr. GORE. Mr. President, I thank the Senator.

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

The PRESIDING OFFICER (Mr. BAYH). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. SYMINGTON. Mr. President, I do not believe this body would be wise to enact this multibillion dollar authorization for international financial institutions in this session, a bill which authorizes contingent liabilities and appropriations of $3.9 billion.

First, there is no urgent need for it; the President's communication of December 3 explains that only about $100 million in actual expenditures will be required during fiscal years 1971 and 1972.

Why should we not make a simple authorization of the amounts actually needed, perhaps to include authorization of the increased U.S. IMF quota, as a holding action and deal with the longer term aspects in the next session of Congress?

I share with the minority view expressed in the Senate Foreign Relations Committee report some doubts as to the appropriateness of lumping these separate institutions into an omnibus authorization bill. This means that the bad goes in with the good, with very little chance for Congress to exercise its constitutional role in scrutinizing the expenditure of billions of dollars of the taxpayers' money.

But most important of all, we have been notified that the President will be submitting a major set of proposals on future foreign aid early in the next session of Congress, presumably incorporating many of the recommendations of the Presidential task force under Mr. Peterson.

Without taking time now to debate any of the specific points which are bound to be controversial and which should be examined carefully by both Houses of Congress, I merely point out that we are being asked to authorize vast sums of money while the rules of the game are in the process of change.

I think we should have a look at these rules, as they are proposed in the President's forthcoming message before acting upon this bill, except as may be necessary to insure continuity, during the remaining few days of this session.

In our previous discussion of this bill, some concerns were expressed with the operation and management of—and congressional review arrangements for, these institutions—particularly the Inter-American Development Bank, which has just elected a new president. I think we should have in mind, Mr. President, that Latin America today stands at an important crossroads. In several countries, legislative or executive action is in process or being contemplated which could adversely affect many American interests, both public and private.

H.R. 18306 authorizes one billion dollars of U.S. funds which will be passed out at low interest rates and for long periods of time through the Bank's "soft loan" window. This is clearly an important matter, especially in view of the criticisms recently expressed in Congress on the operations of the Inter-American Bank.

By early in the next session of Congress, some important signposts may have been revealed as to future directions, but right now they are not very clear to any of us. This is still another reason for letting this authorization go over until the next session.

In conclusion, Mr. President, this body already has enough on its agenda for the remainder of this session. When there are positive reasons for making haste slowly and no compelling reason for action in this session, why should we rush through an authorization measure going far beyond what is actually needed for the remainder of this fiscal year?

Mr. PERCY. Mr. President, I would like to speak in strong support of H.R. 18306.

This bill would authorize new U.S. contributions to the international development banks and an increased subscription in the International Monetary Fund.

I think it is critically important that we act without delay on this legislation.

H.R. 18306 embodies an affirmation of the President's pledge in his September message on foreign assistance for the seventies to place increased emphasis on the multilateral institutions. The free world has achieved unparalleled progress in the years since the end of World War II when the Bretton Woods institutions were first formed with the hope that nations could finally learn to effectively work together for the economic benefit of all. This hope has been achieved beyond anyone's expectations. Today the economic strength of the United States is matched by that of the other industrialized nations. Lower income countries have made impressive gains. The international development institutions—the World Bank, the Inter-American Development Bank, and the Asian Development Bank—now possess the unique capacity to blend the initiatives of the lower income countries and the resources of the industrialized countries.

Looking ahead to the seventies, the multilateral approach makes good economic sense for the United States. It provides the most effective means for promoting development assistance. It provides the most effective vehicle yet devised for sharing the financial burden of development assistance, both insuring a flow of resources from all potential donor countries and by tapping private capital markets.

Effective utilization of resources is assured because international institution lending judgments are made on the basis of need and ability to digest resources, not on the basis of short-run politcial considerations. International influence is brought to bear through these institutions on recipient countries to encourage acceptable and effective development policies.

Additionally, these institutions provide a pool of knowledge and technical expertise which no single donor country could hope to match. Through the multilateral development banks, donor countries and recipient countries coordinate all their development programs and activities to eliminate duplication of effort and waste of scarce resources.

I would like to emphasize the need for prompt action on this very important bill. If we do not complete action by the end of this calendar year we will lose up to $130 million in special drawing rights to be allocated by the International Monetary Fund on January 1, 1971. Special drawing rights are valuable reserve assets which will increase our international reserves. We cannot afford to forgo this very substantial increase.

The proposed authorization for the World Bank is related to this quota increase in the fund, and is designed to maintain the relative voting strengths of members in the Bank to match the changes in voting strength in the fund brought about by the quota increase. Our vote is necessary, as a practical matter, for the increase in World Bank subscriptions to become effective. By approving an authorization for $246 million we will enable the Bank to receive almost $2 billion from other members.

It is time we acted to provide special funds for the Asian Development Bank. This proposal has been before the Congress for 3 years. Six ADB members have already contributed in anticipation of a United States contribution. Our failure to act now would be a serious setback to the bank's ability to obtain funds from other donors and build a strong, long-range concessional lending facility so necessary for the development of infrastructure in Asia. As the Committee Report on H.R. 18306 points out, as the United States continues to withdraw forces from Southeast Asia, we will increasingly encounter demands for reassurance among friendly Asian countries that they are not being left on their own by this country economically and politically. Action through the ADB will provide an answer to that uncertainty.

The Inter-American Development Bank is the major instrument for economic development in this hemisphere. The funds contained in this bill are vital to its 1971 lending program. It is vital that we maintain our support for this very constructive institution during this period of rapid social change in Latin America. Two-thirds of the Latin American members, including all major countries, have already acted on this proposed funding. Prompt action on our part will have the additional benefit of demonstrating support for the newly elected Bank President, Mr. Antonio Ortiz Mena of Mexico.

Finally, I would like to say just a few words about the very limited budget impact which this bill will have. The Treasury has estimated that the bill will result in a budget impact of only $35 million this year, $68 million in fiscal year 1972, and $155 million in fiscal year 1973 with the remainder spread into future years.

Some of the authorized expenditure will have no budget impact. The International Monetary Fund quota increase, $1.54 billion, will be an exchange of assets, a monetary transaction with no budget impact. The callable capital authorizations, $221 million for the World Bank and $674 million for the IDB, will result in budget outlays only in the unlikely event that the Banks default on their obligations and must call their capital. The modest budget implications of this bill are an important consideration in its favor.

In conclusion, I want to repeat that this is legislation which cannot wait. It has the strong support of the President. The multilateral financial institutions are the most effective means for economic development in today's world. H.R. 18306 would help to strengthen these vital institutions. I strongly urge its passage.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. BYRD of Virginia) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

AUTHORIZATION FOR THE NATIONAL PANEL OF CONSULTANTS ON THE CONQUEST OF CANCER TO HAVE TIME EXTENDED TO FILE ITS REPORT UNTIL MIDNIGHT

Mr. KENNEDY. Mr. President, on behalf of the distinguished Senator from Texas (Mr. YARBOROUGH), in presenting the Senate report of the National Panel of Consultants on the Conquest of Cancer, I ask unanimous consent that the time for filing its report be extended until midnight, December 4, 1970.

Mr. BYRD of West Virginia. Mr. President, reserving the right to object—and I shall not object—I am sorry that the able Senator from Texas (Mr. YARBOROUGH) took umbrage a little earlier today when I merely reserved the right to object. I did so at the time because the Pastore rule of germaneness had not run its course, morning business had been completed, and there was pending business before the Senate.

I am glad that the able Senator from Massachusetts has now renewed the request on behalf of Senator YARBOROUGH. I would have had no objection had the Senator from Texas renewed his own request at this time, because the Pastore rule of germaneness has now run its course for the day.

I do not object.

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

What is the will of the Senate?

Mr. MANSFIELD and Mr. KENNEDY suggested the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

PROGRESS ON PRESIDENT'S COMMITMENT TO END HUNGER AND MALNUTRITION IN AMERICA

Mr. DOLE. Mr. President, I cannot leave unchallenged the recent charges that have been made on the floor and to the press that the President and his administration have reneged on their commitment to end poverty-related hunger and malnutrition in America.

I cannot leave unchallenged the statement:

> What the Nixon administration is doing (is): All rhetoric and no action, and running in the wrong direction.

And, I cannot leave unchallenged the statement that the Congress itself should quit cutting back on food programs.

This administration and this Congress are not only running in the right direction on food programs, its record of progress cannot be equaled. It should

not be buried under rhetoric of the neglect of previous administrations.

RECORD PROGRESS IN FOOD PROGRAMS

Every progress report of the U.S. Department of Agriculture reports a record high in the food programs:

In September, 11.7 million people were being helped by USDA family food programs. A new record high—up some 70 percent in a year.

The dramatic increase has come in the food stamp program. In September, 8.2 million persons were participating under the liberalized benefits initiated by this administration. A new record high—participation up from only 3.3 million people a year ago.

In September alone, a total of $116 million worth of bonus food stamps were distributed, about $14 for each participant. A new record high—five times greater than the $23 million distributed last September. Then, an average food stamp family received a bonus worth only about $6 per person.

The Nixon 1971 budget request for USDA food programs is $2.6 billion. A new record high—$1 billion more than the expanded Nixon budget for 1970; more than double 1961 expenditures of $1.2 billion.

In September, USDA family feeding programs were operating in over 3,000 counties and independent cities—where 99 percent of our population resides. A new record high—we began 1970 with some 279 counties which had no program, neither food stamps or commodities. Right now, there are only 10 very small counties that have not made a commitment to operate a family food program.

The Department of Agriculture recently released a report showing that 12 million persons were receiving food assistance under its family feeding programs. The 12 million figure is a new record high participation. Last October these programs reached only 7 million needy persons. This sharp increase evidences real progress toward fulfilling the President's commitment to eliminate poverty-related malnutrition.

FOOD PROGRAMS REACH HARD-CORE POOR

A recent charge was made that USDA's family feeding programs are not reaching hard-core poor. I checked into this charge, because, if true, it would be a most disturbing situation needing correction. I requested the Department of Agriculture to provide me with any available data about the incomes of the over 8 million persons who are now receiving food stamps.

USDA reported that they had collected sample data to estimate the national income profile of food stamp families. These profiles showed, for example, that:

First. Over 50 percent of the single-person food stamp households had incomes of less than $100 a month.

Second. Nearly 40 percent of the two-person households had incomes of less than $100 a month.

Those households contain some of the most vulnerable of the poor—the aging who live alone, and the childless couple. Some rely on limited pensions; others are too old to find work but yet not old enough for the old age assistance.

Third. USDA also reported that its profile showed that of the four-person households using food stamps: 12 percent had incomes below $600 a year; 40 percent had incomes below $1,800 a year; 79 percent had incomes below $3,000 a year; and 96 percent had incomes below $4,320 a year.

These data are an impressive demonstration that the food stamp program is, in fact, reaching the poor and. especially the hard-core poor.

In a move that broke a 25-year precedent, the Department of Agriculture issued its revised school lunch regulations in proposed form—inviting public comment. For the first time in the entire history of the school lunch program, concerned public and private groups had an opportunity to participate in the formulation of Federal school lunch guidelines.

SCHOOL LUNCH PROGRAM STATISTICS

The administration has been accused of using misleading statistics and avoiding the facts. I say the administration's statistics have been misinterpreted and distorted. An invalid comparison was made regarding the number of needy children served by contrasting the figures for May, a month of maximum participation since all schools are in session, with September, a month in which many schools have their lowest participation. Schools convene over a 3-week period from late August to mid September which further makes September a nonrepresentative month for comparison.

The charge that only 50 percent of needy children eligible to receive free or reduced-price lunches are not being fed is also unfounded. In October, 5.3 million needy children were served free or reduced-price school lunches. A new record high—up 23 percent from October of last year.

The actual number of needy children eligible for these lunches is not presently known. USDA will compile the local estimates of eligible children which are currently being gathered by school districts throughout the States. Only then will a realistic figure be known.

At the time of the December 1969 White House conference on nutrition, the best available estimate was 6.6 million. The Department of Agriculture anticipates that, when the November figures are tallied, they will be reaching approximately 6.6 million. USDA acknowledges that there are still schools without food service, and that all children are not reached, and their priority challenge is extension of the school lunch program to all schools.

NATIONAL NUTRITION SURVEY

Contrary to recent statements, there has been no muzzling by the administration of data from the national nutrition survey. Every effort is being made to complete the data processing and final review as soon as possible. Following this review and consultation with concerned State and local officials, the survey results will be available for public review and will be furnished to all governmental agencies with nutrition interests.

The transfer of the national nutrition survey to the center for disease control in Atlanta, and the processing of the survey data are in keeping with the recommendations of the White House Conference on Food, Nutrition, and Health.

FOLLOW-UP CONFERENCE SCHEDULED

President Nixon announced yesterday that the follow-up conference to the 1969 White House Conference on Food, Nutrition, and Health will be held February 5 in Williamsburg, Va. The meeting of panel chairmen and vice-chairmen from the original conference will re-examine their findings and measure progress in food and nutrition programs.

ADMINISTRATION ACCOMPLISHMENTS BELY CHARGE OF EMPTY PROMISES

I could go on to illustrate the innovative changes and food program reforms that have been initiated under the President's commitment to end poverty-related malnutrition and hunger.

There is yet much to be done—a magic wand cannot be waved for an overnight solution. But the Nixon administration's record of accomplishment belies the charge of empty promises. Ignoring this progress—for whatever private, commercial, or political purpose—does not serve the public interest.

WHAT CHRISTMAS WILL BRING FOR SOME AMERICANS

Mr. DOLE. Mr. President, the holiday season we are rapidly approaching is traditionally a time for all Americans to joyfully give thanks for the many blessings and good things they have experienced during the past year.

But, unfortunately, there is a group of Americans that will not know joy this holiday season. Many of them have not felt true happiness for the past 4, 5, or 6 years of their lives.

They cannot, for they are the wives, families, and loved ones of the POW's and MIA's being held in North Vietnam, South Vietnam or here. Their thoughts will be of the many brave American servicemen held prisoner by an enemy that refuses them even the most basic humane treatment.

Yet, there are those who criticize the valiant attempts made by other brave Americans to rescue these much mistreated prisoners of an unjust captor. These critics must realize that every effort must be made now to free these imprisoned Americans.

An article printed in the December 15, 1970, issue of Look magazine written by Christopher S. Wren, tells of the feelings and hopes of some of the POW wives as they approach this Christmas season. It reflects their growing impatience to see their husbands returned to them; feelings of sympathy are no longer enough.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

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

WHAT IS CHRISTMAS TO THE POW WIVES?

A new year piles upon the old for American prisoners of war in Indochina, many of them captive longer than those in any other war

we have fought. It is the seventh Christmas in prison camp for one POW; for others, the fifth or sixth. Back home, the families cope; the holiday season means that one more futile year has drifted by. "I wish I could just cancel Christmas," says the wife of a pilot five years absent. "I haven't wanted to have a Christmas tree since he's been away."

Nearly 1,600 husbands and sons have vanished in action. The Defense Department confirms 457 of these as POW's, but doesn't know how many of the others are alive. Unofficially, North Vietnam has acknowledged holding 335 POW's, though the Pentagon knows of at least 40 more there. In South Vietnam and in Laos, the tallies are much sketchier.

The only comfort comes from a haphazard flow of correspondence between some captured airmen and their families. The Geneva Convention specifies an exchange of at least two letters and four cards a month. North Vietnam has permitted only one letter a month, through the American anti-war Committee of Liaison. But small parcels, with vitamins, medicine, tobacco, food concentrates and snapshots (no reading matter), may be sent every other month through Moscow. This Christmas, ten-pound packages will be allowed.

Until two years ago, letters from POW's were scarce, but those that arrived might run several pages. Now, North Vietnam limits letters to seven lines on a four-by-six inch form, presumably for easy censorship. The letters come in random clusters many months apart and the families don't know if their own get through. About 2,200 POW letters have reached families so far, but within their severe confines, a very human Christmas gift—love—shines.

"My darling wife. The beauty of you and the pride of having you for my wife are both wonderful thoughts that I constantly cherish. Merry Christmas and Happy New Year. I love you. Howard."

The card from Air Force Capt. Howard Hill to his wife was written last Christmas, but it only arrived April 10. Libby Hill had not heard from him since he was lost on December 16, 1967. She has received three more short letters since. (The Geneva Convention, signed by North Vietnam, guaranteed her 220 pieces of mail minimum over those years.) She knows three of her six-pound packages have gone through, isn't sure about her own monthly letters.

Four out of every five captured pilots have wives waiting, though few shared so little time together as Howard and Libby Hill. Twelve days after they married, he went back to Vietnam. Gentle-spoken Mrs. Hill dreads a fourth Christmas without him:

"We were married on his leave. We were going to wait until he finally came back, but we decided to get married so we could have that week together.

"The most important thing is getting that first letter. It's proof that he can still write and can use his right hand. When you get a letter, you wonder: If it does this much for me, what does it do for him?

"When I got my first letter, I was elated for one whole day. Then I felt so down and depressed because he didn't have any letter from me. He did say in May that he'd received a Christmas card from his mom and dad, and he hoped he'd receive one from me. This indicates he hadn't gotten a letter yet.

"I'm lonely and miserable because I worry about him, but I have a pretty good life. But I think a letter for him would mean so much more than it would for me. I write him once a month. Last Christmas, I put a little cutout Santa Claus in his package. I don't believe he got it, but each year I put in candy canes and other Christmasy things.

"It's not that I don't appreciate the letters, but there's a lot of other wives who should be getting letters. I'm at the point now where if Hanoi ever abided by the Geneva Convention, I'd accept it with the same joy as if they said they were releasing all the men. It would be such a relief. It would make their internment more bearable, but it would be more bearable for us too."

"You and Michael are constantly in my thoughts and prayers—please don't worry about me or try to imagine what I am doing. Think of me only as being with you in whatever you are doing. My heart is filled with joy in knowing you are all well. . . . I am glad that Michael knows that I am his daddy, but sad he doesn't know what a daddy is. God bless you and keep you, my darlings. I love you, Bill."

Jane Tschudy still reads the letter written by her husband in Hanoi four Christmases ago. Navy Lt. Cdr. William Tschudy was shot down on July 18, 1965, when their son was seven months old. Now Michael is six and in kindergarten. In the long wait, Jane Tschudy has collected 14 letters, most of them on the short form. Her husband's absence has aged her beyond her 32 years:

"The terror you go through when he hasn't been allowed to write—you ask, has he died? When the mail comes in, you wonder, you just might get a letter. The short letters tell me that as of that date he's alive and hanging in. In seven lines, that's all you can relay. It's no real communication.

"My husband has referred to no letters from me in the last three years, but his handwriting has improved in the last two letters. He wrote me, 'Make your letters very short. I can only receive short letters.' We have to wait for the letters from peace groups, because Hanoi won't let letters come out through normal mail channels.

"We were married three years when Bill was shot down. I love him, and I will wait for him, but I can't quite remember him. I find it hard to be around my Navy-wife friends whose husbands are here. I'm afraid I become too hostile.

"I don't bring Bill into Christmas. I don't feel Michael should have to know all this, though I've told him about Bill. I don't want him to have to think of his daddy as something pitiful. To Michael, Bill is just a picture.

"We can only write letters and knock on doors. I think our dove Senators could do the most good. Our men are having to sit there until we get out of a mess that's been mishandled from the beginning. But when this is over, Bill and I will have been given a gift that other couples won't have had. We'll know how much we love each other."

"I received your July 4th gift package and enjoyed it all, especially the vitamin pills. I'm feeling O.K. I hope all [the] boys are doing well in school and help mom. Get yourself a big anniversary present, darling. I think of you always and love you with all my heart. Keep faith, Dad."

Louise Mulligan has had 16 letters from her husband, the first received 11 months after his capture. Navy Capt. James Mulligan was injured when he landed in a marsh on March 20, 1966, a week before his 40th birthday, though his wife never learned how badly. She has raised their six sons alone, putting two into college. Now, she is growing angry:

"I'm sure he's as frustrated as I am, to try to write on seven lines after not seeing each other for five years, but I can tell he's not lost touch with reality. Some men have been there four years before being allowed to write. Can you imagine not being able to hold a pen for four years? I don't feel lucky I'm getting letters anymore. It's been too long.

"I'm surprised the world hasn't condemned the North Vietnamese. The countries that signed the Geneva Convention are supposed to take a strong stand about the inhumane treatment of prisoners. I'm sorry, but I haven't seen it. And here we trade back and forth with them. It's business as usual.

"I can't see Hanoi holding men this long without getting something in return. This country should make what concessions are necessary to get these men home as soon as possible. We've lost this war because we haven't won it. I'm not a hawk or dove, but if you can't win, get the men out. They say we must get out with dignity. What do they want me to do, walk behind a casket waving an American flag with dignity? Because I'm a military wife doesn't mean I forfeit my rights as a citizen."

Many more women do not have the solace of a letter, however brief. Their husbands seem to have vanished in the jungles of Vietnam or Laos. When the jet of Navy Cdr. John Fellowes crashed on August 27, 1966, Hanoi radio boasted of the pilot's capture. Some months later, the Navy got word he was a POW, but the North Vietnamese did not admit holding him. Patricia Fellowes, a fragile mother of four, still writes, and only once has a letter been sent back. Four years' uncertainty, compounded by the recent deaths of her mother and father, trapped her in a consuming despair:

"I can only guess that they asked him to do something and he wouldn't. Jack is a good man and a strong man. He's a stubborn Irishman.

"Every time Louise Mulligan gets a letter, she calls and shares it with me, and I can almost think of my own husband. It makes me feel good to hear her letters. She's been real kind about it.

"Christmas is hard, but my children are young and we have a big tree. I spend my time taking care of the children. I know it's important to my husband. I tell my children he's a prisoner of war. I've never given them doubt. Some of the children at school tease my older son about his daddy being dead. He gets upset and goes off to his room. But my younger son doesn't care. He tells them, 'My daddy's a prisoner of war, like he's in jail.'

"When the end comes, I don't know what they are going to say. If his name came out, I wouldn't know if he was injured, but if they're alive they can always be mended. I keep telling myself, don't get hysterical, because I can't do anything about a war except try to get it ended. I've written congressmen, and they write back that they're concerned, but it doesn't get my husband out."

As LOOK went to press, the North Vietnamese finally admitted holding Cdr. John Fellowes. Ed.

Mrs. James Plowman and Mrs. Charles Parish, 25, are wives of Navy lieutenants still listed as missing. Kathy Plowman was married two weeks before her husband left for war. When he was shot down on March 24, 1967, she was five months pregnant. Recently, she identified him in a North Vietnamese photograph. Candy Parish asked the North Vietnamese in Paris if her husband, downed on July 25, 1968, was a POW, and was promised an answer. Nearly 14 months later, she hasn't heard. His navigator, a known POW, cannot mention Parish in his letters. Mrs. Parish worries: "I always thought Chuck was there, but as time goes on, you have doubts. If I don't get his name out, it tells me they're not going to return him, whether they have him or not. I've got to get that name."

With all the military muscle it has flexed in Indochina, the United States feels powerless to retrieve its servicemen taken captive. It wants them back, but not at a loss of political leverage. Nor are the North Vietnamese, Vietcong and Pathet Lao about to exchange prisoners freely, as President Nixon has asked, when they can be bartered for the best terms possible. The willful tug-of-war over face has made the men invisible pawns and their families hapless spectators. But prisoners of war do not come home, and the

missing-in-action are not fully accounted for until a war ends. In Indochina, no end is in sight.

The wives and mothers have grown bitter brooding over why their men were flung into a war their country now decides it didn't want. For public support, they must often turn to those who want to press the war. They have begged around the world for help and gotten little. The military has cared well for the families, who still draw the men's pay, but there are reports of interservice bickering over whether the men, once released, will be borne home by Air Force jets or Navy ships. The wives have had to parry tasteless curiosity about their financial and sex lives. Beyond that, the public and press grows indifferent. One wife was told by an insurance firm that her husband's extra flight premiums would be refunded only when he was repatriated from Hanoi and proved that he'd not been flying. Another woman could not at first secure a home loan because she was unable to show if her husband was alive or dead.

A National League of Families of American Prisoners and Missing in Southeast Asia, with 2,000 members, has pushed the biggest concern—a guarantee of their men's safety. One member left a League fund-raising can on the bar of the officers club at her husband's former air base. Its two-week total: $1.50. But the League has been supported by a joint session of Congress on behalf of the POW's and a letter-writing campaign to Hanoi.

Cora Weiss, the peace militant who was asked by the North Vietnamese to set up the Committee of Liaison, considers the fuss "an anti-Communist hate campaign": "The women are going around as if their men had been kidnapped. They were caught in the act of bombing, and you can't expect to have them sent home with flowers." For their lifeline of letters, the POW families must rely upon Mrs. Weiss, who concluded after visiting a prison camp in Hanoi last year: "The men are getting food and clothing and medicine. The Geneva Convention doesn't say they have to be comfortable." But most women would like more official assurance, and though some are grateful that the Committee has increased the mail flow, others feel manipulated. Two wives refused letters from the Committee, which insists it sent them along anyway.

The letters from relatives, stuffed with smiling snapshots and children's crayon drawings, are sent off to the Committee in the faith that they will be delivered some day to the men who need them. "If you want letters to get through," a wife sighs about the politics of humanitarianism, "you do it their way. His letter is as if I've received a piece of paper with his signature, saying 'I'm alive.'"

Mr. DOLE. Mr. President, with respect to Americans who are prisoners of war or missing in action in North Vietnam, South Vietnam, Laos, and other places in Indochina, I ask unanimous consent to have printed in the RECORD a letter from Herbert G. Klein, director of communications for the executive branch, dated December 1, 1970, and related material with reference to the number of prisoners, and responses to the recent rescue attempt by many brave Americans, led by Colonel Simons.

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

THE WHITE HOUSE,
Washington, D.C., December 1, 1970.

DEAR SIR: As you well know President Nixon is deeply concerned about the fate of our American prisoners of war now being held in North Vietnam, and the failure of the Government of North Vietnam to honor international law or simple humanitarianism.

For more than six years, North Vietnam has held American prisoners of war. Little or no word about their fate has been made public by Hanoi. Recently, we have learned, however, of increasing deaths in these camps because of mistreatment. Others may die in the future. The President has used all diplomatic and political channels which are open to him in his efforts to gain their freedom. They have failed because of the refusal of North Vietnam to move from its position. For that reason the President authorized the recent rescue attempt into North Vietnam.

This Administration is firmly committed to the immediate release of all POWs. During the past twenty-three months, the Nixon Administration has made a concerted effort to alleviate the intolerable conditions of servicemen held in North Vietnam. I am enclosing a) a chronology of events, b) selected editorials on the recent raid and c) comments on the raid by families of our men held and mail statistics which I believe will be of interest to you.

Obtaining the release of our men held in North Vietnam is a goal which merits the support of all Americans.

With best wishes,

Sincerely,

HERBERT G. KLEIN,
Director of Communications for the Executive Branch.

WHITE HOUSE MAIL AND TELEGRAM COUNT REGARDING POW RESCUE ATTEMPT

[Dec. 1, 1970]

	Pro	Con
Letters	1,271	124
Telegrams	724	51
Total	[1] 1,995	175

[1] 58 of pro total are from relatives of POW's or MIA's.

COMMENTS BY FAMILY OF AMERICAN PRISONERS OF WAR FOLLOWING RAID INTO NORTH VIETNAM

Washington Post 11/25/70—"Mrs. Bobby G. Vinson, national coordinator of the National League of Families of American Prisoners and Missing in Southeast Asia said the families would 'surely be heartened by this new evidence of concern on the part of the administration. Despite the failure of the rescue mission, it was daring and courageous in concept and execution, and we owe a debt of gratitude to those volunteers who were willing to risk their own lives in trying to aid our husbands and sons.'"

UPI 11/24/70 Wellfleet, Mass.—"Mrs. Carol North said today that the rescue attempt 'means that someone finally had decided to do something.' She is chairman of the board of the National League of Families of American Prisoners and Missing in Southeast Asia."

ABC–TV 11/24/70—Mrs. John K. Hardy (wife of POW) "These men—we have information that 22 of these 350 men that we know are prisoners in North Vietnam have died. That is a pretty high attrition rate. We've got—we've got to get them out, one way or another and the North Vietnamese has to know that this country is standing behind them, and that they are not forgotten."

ABC–TV 11/24/70—Mrs. Mary Ann Waters "It certainly did make me feel good to know that somebody was willing to risk their life to go in for them. When I saw that Colonel on television last night, I couldn't help it, I cried to think that someone was willing to give up his life for my husband and for the men over there."

PW/MIAS—EFFORTS AND RESULTS SINCE JANUARY 1969

[Statistical comparison]

	January 1969	November 1970
Total mission/captured:		
North Vietnam	789	781
South Vietnam	342	542
Laos	112	228
Total	1,243	1,551
Prisoners of war (per United States):		
North Vietnam	271	376
South Vietnam	53	78
Laos	2	3
Total	326	457
Total letters received	620	2,700
Total number of writers	103	332

CHRONOLOGY OF EVENTS

January 1969: President asks Ambassador Lodge to call for prompt PW talks at his first session in Paris.

March 1969: Administration undertakes review of PW policies.

May 1969: Secretary Laird news conference setting forth in detail the treatment accorded our men and expressing the deep concern of President and Administration regarding the PW situation.

June 1969: Administration spokesmen begin meetings with families to inform them of efforts on behalf of PW/MIA.

November 1969: President proclaims November 9, 1969 a National Day of Prayer and Concern.

November 1969: U.S. makes major statement of concern in U.N. Human Rights Committee.

December 1969: President meets with representative group of PW/MIA family members.

February 1970: President signs Public Law 91–200 removing limits on savings program for PW/MIA.

March 1970: At President's direction, Paris Delegation begins weekly pressure on enemy re PW/MIA problem.

May 1970: President sends message in support of May 1, Appeal for International Justice, at which Vice President spoke. President proclaims May 3 as National Day of Prayer and Concern.

June 1970: President signs Public Law 91–289 authorizing special compensation up to $5.00 per day for period spent in PW status.

August 1970: President sends special representative, Astronaut Frank Borman, around world to enlist support and assistance for PW/MIA.

October 1970: President proposes immediate release of all prisoners of war in October 7 message.

November 1970: Postmaster General Winton Blount meets with Ambassador David Bruce to discuss an appeal to the Government of North Vietnam.

November 1970: Postmaster General Winton Blount meets with International Red Cross in Geneva.

November 1970: Postmaster General Winton Blount in Atlanta for commemorative stamp ceremony. Stamp honors U.S. Servicemen held as prisoners of war and missing in action.

November 1970: President authorizes rescue mission to Son Tay North Vietnam.

Many unofficial efforts have been made by H. Ross Perot privately.

"I propose the immediate and unconditional release of all prisoners of war held by both sides. War and imprisonment should be over for all these prisoners. They and their families have already suffered too much.

"I propose that all prisoners of war, without exception and without condition, be released now to return to the place of their

choice. And I propose that all journalists and other innocent civilian victims of the conflict be released immediately as well.

"The immediate release of all prisoners of war would be a simple act of humanity. But it could be even more. It could serve to establish good faith, the intent to make progress, and thus improve the prospects for negotiation."—RICHARD NIXON, *October 7, 1970.*

[From the Atlanta Constitution, Nov. 25, 1970]

A DARING EXPLOIT

It's a mighty dull citizen who can read without a thrill the story of the daring and dangerous attempt to rescue American prisoners in North Vietnam by a helicopter raid. As a feat of arms, the exploit last Friday can only arouse admiration for the brave men who carried it out and for the motives behind it.

Nothing in this tragic conflict has been more frustrating and agonizing for Americans than the plight of our prisoners of war. The North Vietnamese flatly refuse to follow the rules of warfare covering exchanges and treatment of these men, and use them instead as negotiating pawns. Faced with this immutable fact, we can understand why the raid was approved by President Nixon.

But while it is possible to admire the bravery of the exploit and to sympathize with its purpose, we ought not to allow ourselves to get too excited over it. In the first place, the mission failed. No prisoners were rescued. How that failure might affect the fate of the prisoners, how it might affect future negotiations for their release, it is probably too early to tell. But it is a fair guess that Hanoi is not going to change its basic position because of the raid, and may even harden it. Certainly Hanoi will be on guard against similar attempts in the future.

Those like Sen. Fulbright and Sen. Kennedy who questioned the raid as a "John Wayne" approach are perhaps too harsh in view of the intense concern over our prisoners and the intense desire to do something about them. The critics used much the same arguments against the bombings of North Vietnam under Lyndon Johnson, but there is certainly a difference between a rescue raid and a bombing campaign. These men may fear resumption of a major bombing attack or massive rescue raids on North Vietnam as another attempt to see what escalation might do. It didn't do much the last time around. And we are convinced that President Nixon, allowing for occasional Cambodias and rescue raids, is still committed in getting America out of the war.

[From the Wall Street Journal, Nov. 24, 1970]

COMMANDO RAID ON POW CAMP, AIR STRIKE ADD MUSCLE TO NIXON'S RETALIATION THREAT

(By Robert Keatley and Richard J. Levine)

WASHINGTON.—Last November, President Nixon warned North Vietnam that any escalation of the Indochina war would bring "strong and effective" retaliation from the Americans.

Last weekend Mr. Nixon tried to prove he wasn't bluffing.

In response to what Washington calls violations of the "understandings" that ended U.S. bombing raids over North Vietnam two years ago, some 250 American planes blasted Communist air defenses and staging areas in the southern part of that country over the weekend in what the Pentagon terms "successful" attacks.

While that was happening, the U.S. staged an unprecedented commando raid near Hanoi in an effort to free American war prisoners held there. This effort wasn't successful—the prisoners have been evacuated several weeks before the attack—but the audacious strike so close to home may have unnerved the men who set North Vietnam's war policies.

That may have been the main reason for the closely coordinated attacks. Mr. Nixon and his chief security affairs adviser, Henry Kissinger, have tried hard to persuade the Communists that the Americans aren't predictable, that the U.S. is strong and won't let provocations or broken agreements go unchallenged. The message to Hanoi seems clear: negotiate peace in good faith or face severe reprisals whenever military escalation or violation of agreements is attempted.

Although the immediate issues involve North Vietnam, the message of toughness and unpredictability also may have been aimed at Moscow. Soviet-American relations have been strained recently, mainly because—in Washington's view—the Russians aren't living up to the spirit of understandings about Berlin, European detente, Mideast peace and, perhaps, a missile base in Cuba, among other things. Thus, the sharp U.S. response may be a signal to the Soviets that they, too, would be well advised to honor any future agreements with the Americans. This is part of what White House officials call establishing "credibility" in foreign affairs.

PRESS SPOKESMAN'S STATEMENT

As part of this, Defense officials yesterday carefully carved out grounds for possible future air strikes against North Vietnam if the U.S. decides they are justified. "We remain ready to take appropriate action in response to attacks on our unarmed reconnaissance aircraft, in response to major infiltration across the demilitarized zone (which separates North Vietnam and South Vietnam) or in response to the shelling of major South Vietnamese cities," warned Jerry W. Friedheim, the Pentagon's chief press spokesman.

The U.S. contends it originally stopped bombing the North after reaching agreement on these three matters with North Vietnam. It says the weekend attacks were ordered because Hanoi's gunners shot down a reconnaissance plane on Nov. 13 and because its troops recently shelled Saigon and Hue, the main cities in South Vietnam.

Hanoi has consistently denied making these or any other agreements with the U.S., an assertion that doesn't carry much weight in Washington, where officials claim otherwise and act accordingly.

These U.S. operations come at a time when the Nixon message may, in fact, be getting through to North Vietnamese policymakers. According to foreign diplomats who have frequent contact with Hanoi officials, serious doubts about the future of their war effort are arising and, for the first time, these Communist Vietnamese are beginning to wonder if "time is on their side after all," these sources say.

REPORT OF ENEMY DISAPPOINTMENT

According to these sources, the North Vietnamese are dismayed by the recent American elections. They expected the Indochina war to be a major political issue in the U.S. and thus expected Mr. Nixon to suffer serious reverses because of his policies, forcing major new American concessions at the Paris peace talks. These sources say that the Communists, despite their propaganda statements to the contrary, concede privately that the Nixon Administration didn't lose much political ground because of the war and that the war itself is a declining political issue in the U.S.

This faces Hanoi with the possibility of two more years of costly and inconclusive war until the next American election, a prospect the Communists don't welcome, the sources said. This is especially true because, it's claimed, Hanoi expects the combat to remain a relatively minor political issue as American troop withdrawals continue and casualties decline. Thus Hanoi's leaders are said to concede the 1972 elections may have less impact—rather than more—on U.S. policies in Southeast Asia than did the Nov. 3 midterm voting.

According to American analysts, Hanoi has been counting on war protests within the U.S as a major restriction on the Nixon Administration, one that could force it to accept much or all of the eight-point "peace plan" surfaced by Communist negotiators several weeks ago. As relayed by the foreign diplomats, however, the Communists are losing faith in this thesis. They are disturbed by the fact that Mr. Nixon has branded their peace proposal unacceptable, and responded with his own quite different program last month, which the Reds say they won't accept.

None of this means Hanoi is about to change war strategy, the diplomats caution. North Vietnam, since the death of President Ho Chi Minh, has been ruled by a committee of dedicated Communists who remain committed to gaining political control of South Vietnam. They make decisions slowly and view political compromises as a form of surrender, something the experts say they still want to avoid. But this Communist pessimism could eventually lead to some basic rethinking of policies, the diplomats conclude.

REPORTED RESULTS OF RAID

In any case, the American weekend raids have given North Vietnamese officials something new to think about. The air raids, according to Pentagon statements, blasted enemy missiles, antiaircraft guns and, more important, staging areas for men and supplies bound down the Ho Chi Minh trail to Cambodia and South Vietnam.

More than 100 secondary fires and explosions were spotted in the three areas where bombs were dropped, Mr. Friedheim said, and more than 100 trucks were hit. He said the raids had hindered Hanoi's ability to man and supply new ground offensives in the South, where the fighting has already been going badly for the Communist side. Fuel, ammunition and troop barracks are believed to have been among the targets struck by U.S. planes.

The raid on the POW camp may have been even more disconcerting to Hanoi's leaders. About 2 a.m. last Saturday (Hanoi time), American helicopters unloaded troops—the Pentagon wouldn't say how many—in the prison compound, only 20 miles from the North Vietnamese capital. Although nothing similar had been tried in this war, plans for such raids had been drafted months ago.

"A key factor in the final decision to launch the rescue attempt," Defense Secretary Laird said at a news conference, "was new information we received this month that some of our men were dying in prisoner-of-war camps."

The U.S. raiders didn't find any American hostages; apparently they had been removed several weeks before the raid was ordered. But the Army troops searched buildings, destroyed locks on prison cells and left without suffering any serious casualties. One U.S. helicopter crashed, however, and was destroyed by the Americans.

The attack proved that U.S. forces "were able to get in and get out," Mr. Laird said, something that might cause Hanoi to wonder about its defenses.

White House spokesman Ronald Ziegler, speaking for Mr. Nixon, warned Hanoi not to take any reprisals against U.S. prisoners because of this raid. He said the U.S. "would hold the North Vietnamese leaders personally responsible" for their continued safety and—to reinforce the message—said again that "we stand ready to move to meaningful negotiations" as an aternative to continued warfare.

ORDER OF BUSINESS

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

A 20TH ANNIVERSARY FOR PRESIDENT NIXON

Mr. GRIFFIN. Mr. President, it happens that this date, December 4, marks an anniversary which is of some significance to this body. It was on this day 20 years ago when, incidentally, the Senate last found itself engaged in a major "lameduck" session, that a young Congressman, Richard Milhaus Nixon, was sworn in as the junior Senator from California.

On December 4, 1950, the then-senior Senator from California, the Honorable William Knowland, sent to the desk a telegram from the then Governor of California, the Honorable Earl Warren. The telegram read:

This is to advise you that on December 1, 1950, I appointed Richard M. Nixon United States Senator to fill the unexpired term of United States Senator Sheridan Downey in the 81st Congress.

Vice President Alben Barkley administered the oath of office to the young Senator Nixon a few minutes later. He was promptly assigned to the Senate District Committee for the remainder of that lameduck session.

The junior Senator from Kansas (Mr. DOLE) has proposed that the 92d Congress set aside a period each day to be known as the "presidential hour." While I would not wish to detract from the great merit of his novel suggestion, it is noteworthy that even without a special "presidential hour," a seat in the Senate has frequently been the launching pad for flights to the oval office in the White House.

It is interesting to note that from the inauguration of Truman until now, over a 25-year span, a former Senator has been in the White House at all times except during the 8 years of the Eisenhower administration.

On this 20th anniversary of the date when Mr. Nixon became a Member of this body it is particularly appropriate to extend a warm salute to the latest on an impressive list of Senators who have served as President of the United States.

ORDER OF BUSINESS

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

INDEPENDENT OFFICES AND DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT APPROPRIATION BILL, 1971

Mr. MANSFIELD. Mr. President, I move that the Senate turn to the consideration of Calendar No. 1402, H.R. 19830.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read the bill by title, as follows:

A bill (H.R. 19830) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, offices, and the Department of Housing and Urban Development for the fiscal year ending June 30, 1971, and for other purposes.

The PRESIDING OFFICER. Without objection, the motion is agreed to. This displaces the unfinished business, which goes back to the calendar, and the Senate will proceed to the consideration of the bill.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations, without amendment.

Mr. MANSFIELD. Mr. President, there will be no action taken on this bill today. It is a $17 billion bill which has a great deal of interest to all Members of the Senate. It will be the pending business at the conclusion of the morning hour on Monday.

THE ECONOMY

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a statement I made yesterday at a meeting with the Speaker of the House, JOHN MCCORMACK, and the majority leader of the House, CARL ALBERT, relative to the economic situation which confronts the country today.

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

(See exhibit 1.)

Mr. MANSFIELD. Mr. President, I pointed out at that time that the inflationary figure is in excess of 7 percent and that the unemployment figure stands at 5.6 percent. I note from wire service reports received a short time ago that on the basis of figures released today, unemployment rose to 5.8 percent of the Nation's work force last month. It is noted that that is the highest level of unemployment in 7½ years. The figures were released by the Government in its own report.

I closed my remarks yesterday with a statement that called for cooperation. For it is only through the closest cooperation and mutual support that we will restore stability to our economy.

I said then that we want to cooperate with the administration because we realize this is not a partisan matter but a national problem, that is, unemployment, high interest rates, and inflation affect every American. We realize also that the previous Democratic administration must bear its share of responsibility because over the last two years the the cost of living has increased by at least 11 percent and perhaps even more.

As much as ever before in our history, the times call for working together in the national interest, and to that end the Democratic majority stands willing, ready and able.

I want to repeat my statement today, because, to reiterate, this is not a partisan matter which confronts us, but a matter of great national concern.

Tonight, the President is going to deliver a speech which I understand will deal with the economic situation which confronts our country today. All Americans will be looking forward, with anticipation and interest, to what he says. We of the majority party in the Senate want to assure him that, as Democrats, we want to help in every possible way. The dilemma that faces the Nation and to which there seems to be no end, can be resolved only on a basis of accommodation and cooperation between the Congress and the administration.

EXHIBIT 1

STATEMENT OF SENATOR MIKE MANSFIELD

On January 27, 1969, the President made the following statement: "I do not go along with the suggestion that inflation can be effectively controlled by exhorting labor and management and industry to follow certain guidelines. . . . The leaders of labor and the leaders of management, much as they might personally want to do what is in the best interests of the Nation, have to be guided by the interests of the organizations that they represent."

Since that time, both industry and labor have operated on just that basis—both have been guided by the interests of the organizations that they represent. Since that time inflation has risen steadily from 4½% per year to where it stands today—hovering around 7%.

Since that time unemployment has risen from 3.5% to 5.6%.

The pronouncement of the President on January 27, 1969, removed in effect all governmental restraint and influence to maintain wages and prices within responsible limits or guidelines. If guidelines are not entirely effective, surely a policy of no guidelines has not been effective at all.

The recent inflation report of the President's Commission on Productivity labels inflationary certain already agreed to settlements in the rail, auto and other industries. The utter futility of such after-the-fact handslappings is clear on its face. One cannot be ticketed for speeding after the speed limit laws have been repealed.

There are a few encouraging signs. The recent upswing in the market and the recent reduction in interest rates by the Federal Reserve, two in one month, reflected as well by reduced rates for FHA and VA home mortgages will hopefully provide greater opportunity for the purchase of much needed housing. It has been said, however, that even this action was taken in response to an economic slowdown in the sense that less money is being demanded for capital investment and corporate growth. It should be noted as well that in spite of these reductions, these rates remain higher than at anytime since the Civil War.

It is our hope in the Congress, nevertheless, that with this most recent action further steps can be expected from the Administration all along the economic front. Particularly there is a need for wage and price guidelines and a willingness to use the offices of the President to persuade both business and labor to keep within the productivity increases for their given industries.

It is encouraging that the Committee for Economic Development has now joined other responsible voices in calling for a reinstitu-

tion of the guidelines. Its report of November 23, 1970, is most persuasive. It is particularly persuasive because the group is comprised of the top leaders of the business community—men who are Chairmen of the Board and/or Chief Executive officers of such organizations as the General Foods Corporation, the Green Giant Corporation, the Pillsbury Company, Trans World Airlines, American Security and Trust Company, the Sperry and Hutchinson Company, the Bank of America, Standard Oil of New Jersey, H. J. Heinz Company, and the Northern Natural Gas Company. In short, the report requests the Administration to resort to a firm policy of voluntary wage and price guidelines. It recommends such a tool for reconciling price stability and high unemployment.

In addition, the report of the Committee for Economic Development recommends that the President use the Selective Credit Control authority granted by the Congress last December. Such authority permits a far more effective application of general monetary restraint. This plea from a largely business-oriented and most prestigious group is highly welcomed. It makes it clear that the business community recognizes that a 10% cost-of-living increase in the past two years is unacceptable. Its endorsement of Congressionally initiated wage and price guideposts and selected credit controls is most encouraging.

It should be said that the time for finger-pointing has long since passed. *Ex post facto* handslapping is most inappropriate. And last Tuesday's effort to blame this business or that one for a price increase or a given labor group for asking better wages is most inappropriate. The fact is, there is no national incomes policy; no suggested wage or price guidelines and no jawbone practice to level-off prices or hold down wage increases. It's too bad that auto companies felt they needed to increase the cost of their products by 6% or more. However, that is no reason to tell the worker who makes the car that he cannot have 50¢ more an hour this year, 13¢ more an hour next year and 13¢ more an hour the year after for his labors. This is especially true when you consider that the working man has agreed to tie his total wages to the cost-of-living index which means that he would be willing to take a lower pay check if and when living costs go down.

When it comes to the state of the economy, Congress, I am proud to say, has done its part. It provided all the tools requested plus others that have not been used. We have shifted resources to most vitally needed domestic programs. We will continue to act responsibly.

We want to cooperate with the Administration because we realize this is not a partisan but a national problem. We realize that the previous Democratic administration must bear its share of responsibility because over the last 2½ years the inflation figures are at least 11% and maybe 12%. The times call for working together in the national interest. The Democratic majority is willing.

THE SETTING OF CERTAIN HEALTH AND SAFETY STANDARDS—WHERE SHOULD THE AUTHORITY BELONG?

Mr. MANSFIELD. Mr. President, a few days ago I asked the distinguished chairman of the Committee on Finance to call attention to the members of that committee a rather serious problem that now faces hundreds of health-care facilities which currently provide services to medicare beneficiaries throughout the United States. New standards regarding these facilities have been ordered by the Department of Health, Education, and Welfare that could have the effect of denying further participation in the medicare program by these institutions.

The immediate problem, of course, was to find some means for helping these hardpressed health facilities comply with the new requirements. Since, in most instances, major capital expenditures are required to bring these hospitals and extended-care facilities into compliance with the new regulation, I proposed an amendment to make these capital funds available to the affected institutions. I am pleased to note that the members of the Committee on Finance recognized the potential dangers of not helping the affected facilities and moved quickly to adopt, with modifications, an amendment I suggested in this area.

When medicare was enacted in 1965, Senators expressed concern over the need to assure that older Americans received proper health care financed by the program only in a safe and hazardous-free institutional environment. To meet this objective, we authorized the Secretary of Health, Education, and Welfare to establish, in addition to any other statutory requirements relating to health facilities, whatever health and safety requirements he believed necessary to assure the proper protection of medicare beneficiaries. At the outset of medicare, standards were promulgated and the majority of institutions in the United States became medicare providers of health services.

In granting this authority to the Secretary, however, Congress recognized that an unlimited authority in this area might result in the issuance of unrealistic requirements which many facilities simply could not meet. To impose standards of this kind would probably lead to the wholesale disqualification of numerous institutions which were the only facilities in an area capable of providing beneficiaries with the services to which they are entitled under law. A ceiling, therefore, was placed upon the Secretary's standard-setting authority. Requirements imposed by the Secretary could not exceed comparable requirements prescribed by the Joint Commission on the Accreditation of Hospitals, a private voluntary body which sets standards for health facilities in the country.

In September of this year, the Social Security Administration announced that new physical environmental standards were to be imposed on facilities currently participating in medicare which were not otherwise accredited by the JCAH accrediting body. Among the new requirements was the standard that all such facilities come into compliance with the current standards issued by the National Fire Protection Association as part of that association's life safety code. The NFPA, like the JCAH, is also a national voluntary standard-setting organization. The joint commission uses the life safety code of the NFPA in its hospital safety principles. As proposed by the Secretary, facilities not in compliance with the new regulations would be denied further participation in medicare within a matter of only months, unless they could show that contracts had been entered into to install, among other things, costly fire sprinkler systems in their institutions.

So here we have the Government demanding a new set of requirements which few facilities can afford and for which limited, if any, funds are available from public sources. Department officials, in answer to my inquiries in this area, indicated that affected institutions could obtain Hill-Burton money to fund the required changes in physical plant. Such funds, of course, are scarce and are under priorities which make this source of funding exceedingly doubtful. What is more, many extended-care facilities would be unable to avail themselves of Hill-Burton money, even if, by some good fortune, funds were widely available for specifically this purpose.

I have received letter after letter from the administrators of the affected institutions, from fire marshals, and even from my Governor, pointing out the financial problems created by these suddenly imposed new standards.

I was going to ask to have all the letters I have received included at the end of my remarks in order that Senators could see first hand the magnitude of the problems that have resulted from the Department's sudden action in this area. I should add that, of course, that the difficulties described in these letters are not at all unique to my State, but they can be found everywhere there are affected institutions.

As of this morning, I have received 129 letters from Choteau, 17 from Fairfield, four from Helena, three from Dutton, two from Bynum, one from Lewistown, two from Vaughn, one from Simms, one from Fort Shaw, one from Pendroy, one from Miles City, two from Great Falls, two from Red Lodge, three from Plentywood, two from Culbertson, one from Sheridan, one from McLeod, one from Townsend, one from Jordan, two from Chester, one from Polson, one from Ennis, two from Scobey, one from Big Sandy, two from Big Timber, two from Augusta, one from Anaconda, one from Ryegate, one from Columbus, one from Missoula, one from Terry, one from Ronan, and one from Libby, or a total of 193 letters and telegrams to date. And they are still pouring in.

But, to save time and costs, I shall ask that not all these letters, which I have with me on my desk, be incorporated at this point in the RECORD, but I do want to assure the Senate of the deep concern expressed by the people, especially in the small towns, who are dependent upon county hospitals and the like, and on the retention of doctors at these hospitals, which will not be achieved if the sprinkler system requirement goes into effect too soon and too drastically.

So that there is no misunderstanding, let me make it clear that I and, I think, most Senators applaud the Department's interest and concern for the need to upgrade the Nation's health-care facilities. How I wish it were possible that every hospital and extended-care institution in the United States would be brandnew, fully staffed, and equipped with the latest equipment. Unfortunately, our institutions are not in such fine shape.

If the Government insists upon burdening facilities with new requirements that will cost hundreds of thousands of dollars to comply with, then the same Government must provide the financial wherewithal to help these institutions. Hospitals and other health facilities are desperately short of capital funds and the private capital market appears unable to meet their needs at a reasonable cost. Without relief, action such as the Department has taken can only drive higher the skyrocketing costs of medical care or deny services to those whose taxes now support both medicare and hospital and other facility construction programs. It is time, I think, for Congress to deal honestly with the Nation's health industry. If we want a better system, let us by all means insist upon it; but let us also provide the resources to bring about the kind of system we seek.

Let me also express to my colleagues my growing concern about the apparent willingness of Congress to delegate indirectly authority to nongovernmental bodies to establish standards in connection with Federal programs. State and local governments have long exercised certain responsibilities in the standards-setting area, whether we speak of health facilities or other areas. If Congress proposes to preempt such authority, let us do so overtly, and not by means of using nongovernmental bodies whose concerns are limited to only one narrow part of the issue. Experts differ in their views regarding which standards to adopt or which standards actually achieve the objectives for which they are issued. There is no effective means of resolving disputes of this kind, insofar as many Federal programs are concerned. If Congress proposes that standards, in this area or another, are indicated, then let us establish them ourselves, or grant sole authority to the Federal administrators who must answer to the National Legislature.

Mr. President, I consider it most important that my colleagues in the Senate and others be fully aware of the extent of public outcry resulting from this serious problem affecting facilities in my State of Montana and across the Nation.

Let me express my deep appreciation for the personal and deep interest shown by the distinguished chairman of the Committee on Finance, the Senator from Louisiana (Mr. LONG), and the distinguished ranking minority member of that committee, the Senator from Delaware (Mr. WILLIAMS). Both have taken a personal interest in this problem. They and their colleagues on the Committee on Finance are trying to be of assistance, and to them I wish to express my thanks publicly, because they are aware of the problem, which I am sure is not confined to the State of Montana, and are doing what they can within the limits of their responsibility to be of assistance.

Mr. President, I ask unanimous consent that correspondence and other material from my files be incorporated in the RECORD at this point.

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

MONTANA HOSPITAL ASSOCIATION,
Helena, Mont., November 13, 1970.

Commissioner ROBERT M. BALL,
Commissioner of Social Security, Department of Health, Education, and Welfare Building, Washington, D.C.

DEAR COMMISSIONER BALL: On behalf of the member hospitals of the Montana Hospital Association, we wish to file this official protest regarding the adoption of the proposed regulation pertaining to sprinkler systems in hospitals and ECFs. The proposed regulation was filed by the Social Security Administration in the Federal Register, Vol. 35, No. 171, page 13888 on September 2, 1970.

All of the hospitals in the state of Montana are concerned with the safety of the patients and have an excellent record in this regard. We do feel, however, that patient safety can be better assured by alternative measures which would be considerably cheaper than the installation of sprinkler systems in our facilities.

The sprinkler system was designed primarily for the protection of material things such as buildings and goods and it is our feeling, along with the State Fire Marshal and officials of the State Department of Health, that smoke detection devices would be much more feasible and would give early warning which would save patient lives. There are many cases across the nation to prove that patients have actually destroyed themselves by fire through accidentally catching their beds on fire and the sprinkler in the building did not activate inasmuch as the fire did not reach the necessary heat intensity to activate the sprinkler system.

We estimate that to completely comply with the proposed regulation and install the sprinkler systems in our facilities, it will cost approximately $600,000 in our state alone. I need not point out the impact this regulation would have nationwide in further escalating the costs of hospitalization in a time when we and the federal government are being severely criticized for increasing hospital and medical costs.

Besides the financial outlay that individual hospitals would have to make in establishing sprinkler systems in their facilities, we find that one of the key issues of the entire regulation is that the hospital would have to conform to current standards of the National Fire Protection Association's Life Safety Code, *as amended from time to time.* This clause in itself would mean that the National Fire Protection Association could change its standards six months or a year from now and the hospitals would then be exposed to additional expense in installing other smoke detection devices and fire control devices that the National Fire Protection Association would deem necessary.

We have the highest regard for the National Fire Protection Association, however, it is an organization which has no governmental control over it and is run by various and sundry insurance company underwriters and fire marshals across the nation whose primary object is to save buildings, materials and equipment.

We have researched all of the regulations and conditions for certification the Department of Health, Education, and Welfare has implemented since Medicare became a reality and nowhere can we find that the Department of Health, Education, and Welfare has by regulation given to outside agencies or associations actual standard setting authority such as they have in adopting this proposed regulation. We feel this sets a precedent which will cause the Department of Health, Education, and Welfare serious problems in the future and may actually destroy the Department's ability to establish the regulations.

We urge you to reconsider the proposed regulation and to immediately initiate a study of the merits of an ionized smoke detection system as an alternate fire safety system to take the place of sprinkler systems in hospitals and ECFs.

We further recommend that the Department of Health, Education, and Welfare and the Social Security Administration consult with authorities in our field regarding the adoption of regulations in the future. We suggest that consideration be given to the establishment of a mechanism whereby the Department of Health, Education, and Welfare and the Social Security Administration will notify the American Hospital Association and the American Nursing Homes Association at least 180 days in advance of the filing of the proposed regulation in the Federal Register. That notification would include a copy of the proposed regulation and indicate that the Department of Health, Education, and Welfare and the Social Security Administration would be receptive to comments and suggestions regarding the proposed regulation from the fields directly affected.

I thank you for your consideration of the above filed protest.

Sincerely yours,

WILLIAM E. LEARY,
Executive Director.

MONTANA HOSPITAL ASSOCIATION,
Helena, Mont., November 3, 1970.

To: Administrators of Member Hospitals.
From: William E. Leary, Executive Director,
Subject: Sprinkler Systems and Hospitals Accredited by JCAH.

Many of our member hospitals in the Montana Hospital Association have been in recent months faced with the problem of complying with a regulation of the Department of Health, Education, and Welfare which requires that the hospital meet standards of an outside agency (National Fire Protection Association) which has no legal basis for proposing standards or regulations for the Medicare program.

It is interesting to note that the Joint Commission on Accreditation of Hospitals has taken a similar approach regarding this same area of concern which is brought out in its interpretation of Standard 1 under Hospital Safety in the *Standards for the Accreditation of Hospitals.*

Interpretation. "For the purposes of the standards for hospital accreditation the Joint Commission has classified the type of building construction into six categories, *based upon definitions developed by the National Fire Protection Association.* These categories are: fire resistant construction, protected noncombustible construction, heavy timber construction, noncombustible construction, ordinary construction and wood frame construction.

"Hospitals of heavy timber construction, noncombustible construction, ordinary construction, or wood frame construction, shall have an approved automatic fire extinguishing system. Such (a) system(s) shall be compatible with the area to be protected and shall not cause a situation that in itself would endanger the lives and safety of patients and personnel."

The interpretation then goes on to define multiple construction type buildings, hazardous areas, exits, corridors, etc. The interesting part of the interpretation is that it stipulates that certain construction hospitals shall have approved automatic fire extinguishing systems and then goes on to say that an approved automatic fire extinguishing system is one which is in compliance with the following appropriate NFPA standards. *Standard for Foam Extinguishing Systems, 1969, NFPA 11; Standards on Carbon Dioxide Extinguishing Systems, 1968, NFPA 12; Installation of Sprinkler Systems, 1969 NFPA 13; Water Spray Fixed Systems, 1969, NFPA 15; Standard for Dry Chemical Extinguishing Systems, 1969 NFPA 17; Standard on Wetting Agents, 1969 NFPA 18.*

Although no mention is made in the Joint Commission on Accreditation standards regarding accepting amendments in the Life Safety Code as they are amended from time to time, it is conceivable that this possibility could happen and hospitals are advised to study carefully this standard.

The wording of the NFPA's Life Safety Code page 101–109, section 10–2341 is somewhat confusing but can be interpreted to mean that automatic sprinkler systems will have to be provided throughout all hospitals except those hospitals that are of fire resistant construction or those hospitals that are 1-hour protected noncombustible construction not over 1 story in height.

The phrase "not over 1-story in height" would seem to mean that most hospitals in Montana except those classified as truly fire resistant construction would fall within the new proposed regulation of Health, Education, and Welfare and would increase the number of hospitals needing to be sprinkled from the current 20 to a much higher figure. And in fact, early investigation would indicate that only about eight or nine hospitals in Montana would escape the sprinkler system regulation.

If our interpretation of the JCAH standard and the Life Safety Code standard is correct, this then becomes a nationwide problem affecting most of the hospitals in the nation. Besides the cost factor involved in installing sprinkler systems in almost every hospital in our nation, the time element involved in getting the work done even within two years is impossible to expect.

I encourage every hospital administrator to study carefully the JCAH standard and discuss it in full with his Board of Trustees.

MONTANA HOSPITAL ASSOCIATION,
Helena, Mont., October 22, 1970.

To: Administrators of Member Hospitals.
From: William E. Leary, Executive Director.
Subject: The Sprinkler System "Crisis".

Most of the hospitals in Montana, and especially those recently contacted regarding the Department of Health, Education and Welfare's mandate for unsprinkled Medicare facilities, are well aware of what has happened in the past several months and this letter will bring you up to date on the situation.

Originally eight hospitals in Montana were notified in May that they fell into the classification of a frame unsprinkled Medicare facility and would have to have sprinkler systems installed by October 1, 1970. Those eight hospitals were:

Prairie Community Hospital, Terry
North Valley Hospital, Whitefish—(waiver since granted)
Missoula Community Hospital, Missoula—(waiver since granted)
Sanders County General Hospital, Hot Springs
Madison Valley Hospital, Ennis
St. Luke Hospital, Ronan
Roosevelt Memorial Hospital, Culbertson
Broadwater Hospital, Townsend

The Montana Department of Health, along with the Montana Hospital Association, attempted to get the Department of Health, Education, and Welfare to rescind their directive on the basis:

1. That smoke detection devices were more effective than the automatic sprinkler systems in health care facilities and about 25% of the cost for installation.

2. There are no companies in Montana that sell and install sprinkler systems and it was impossible to comply with the directive by October 1, 1970.

3. The action taken by the Department of Health, Education, and Welfare was taken without a complete study of the relative value of sprinkler systems and smoke detection devices and was due to aggressive political pressure put on the Department due in part to the Harmar House fire in Marietta, Ohio.

The Department of Health, Education, and Welfare was unyielding in its efforts to push this regulation. However, they did extend the date for eight hospitals to December 31, 1970.

In September, the Department added the following hospitals to the list of unsprinkled Medicare facilities and stipulated that the sprinkler systems should be installed by January 31, 1971.

Stillwater Community Hospital, Columbus
Barrett Hospital, Dillon
Carbon County Memorial Hospital, Red Lodge
Wheatland Memorial Hospital, Harlowton
Malta Hospital, Malta
Fallon Memorial Hospital, Baker
Sheridan Memorial Hospital, Plentywood
Ruby Valley Hospital, Sheridan
Garfield County Hospital, Jordan
Liberty County Hospital, Chester
Teton Memorial Hospital, Choteau
Dahl Memorial Hospital, Ekalaka
Granite County Hospital, Philipsburg
Big Sandy Medical Center, Big Sandy
Sweetgrass Community Hospital, Big Timber
Daniels Memorial Hospital, Scobey
McCone County Hospital, Circle

The following JCAH hospitals are not totally fire resistant but more data is required.

Livingston Memorial Hospital, Livingston
Central Montana Hospital, Lewistown
St. John's Lutheran Hospital, Libby
Shodair Children's Hospital, Helena

This brought the list to twenty-nine hospitals plus thirteen extended care facilities of wood frame construction (protected and unprotected) that by the Medicare requirement would need a complete sprinkler system installation.

All efforts have been exhausted by the Montana State Department of Health towards getting the HEW to rescind their order and consequently some fifteen sprinkler system companies were invited to meet with the hospital and ECF representatives on October 15 to discuss the method whereby the sprinkler system companies could conduct the surveys of the forty-two facilities, have bid lettings and start the work.

Five companies came to the meeting and presented their timetables for getting the job done. In general the timetable they agreed upon is as follows:

1. That the five companies could each make five surveys within the next eight weeks. A total of at least 25 surveys by December 16.

2. Taking of bids would take place between December 16 and December 31.

3. Shop drawing would take 30 days.

4. Submission of drawings to the Montana Fire Rating Bureau and approval from that body and the State Fire Marshal—30 days.

5. Set up on the job—3 weeks.

6. Normal installation will take about 30 days.

Thus, the earliest any of the facilities could expect to have their sprinkler system ready and in operation would be by

MAY 5–10, 1971

The five companies have agreed to conduct the surveys at their cost providing they were permitted to establish a priority method and this was agreed upon. Thus, each of the facilities will be contacted by one of the following companies in the near future:

Grinnell Company, 909 East Sprague, Spokane, Washington 99202
Interstate Fire Sprinkler Co., 3111 West State, Boise, Idaho 83707
Viking Automatic Sprinkler Company, P.O. Box 404, Meridian, Idaho 83642
M. B. Hinks Company, 4000 South West Hockens, Beaverton, Oregon 97005
Fire Engineering Company, 3389 South 6th West, Salt Lake City, Utah

Facilities will not be asked to sign any contract with any of the companies but you are requested to cooperate with the companies as they conduct the surveys.

It is obvious to everyone that the job cannot be done much before next May and in many cases until June or July 1971. Many of the hospitals rely in part upon County funding which will require a special mill levy—thus the County supported institutions will not be able to let bids until June or July.

What is needed at this time is the granting by the Department of Health, Education, and Welfare of an extension on the deadlines.

On October 19, Senator Mike Mansfield requested a top level meeting with key officials in the Department of Health, Education, and Welfare to determine just how this directive came to be issued and to explore alternate means of providing fire safety to patients of hospitals and nursing homes. It is anticipated that this meeting will be held in November when Congress reconvenes.

What needs to be done now is for every hospital administrator and the Board of Trustee members to write to Senator Mansfield and include the following:

1. Express your thanks for his interest in the problem and for his request of the meeting with HEW.

2. Request that he attempt to have the Department of Health, Education, and Welfare grant an extension on the directive until October 1, 1971 to give more time to the health care facilities to study their own local systems, get bids on the sprinkling systems and to allow counties to provide a mill levy to pay for the system.

3. Suggest he investigate the possibility of Federal grants through Hill-Burton to pay for the sprinkling systems.

4. Ask him to request that the Department of Health, Education, and Welfare make an immediate but impartial study on the merits of sprinkler systems vs. smoke detection systems as a means of fire control in hospitals and nursing homes. Report of the study should be available by March 31, 1971.

5. Suggest that he work for legislation which would require that hereafter any changes in regulations or interpretations of regulations for Title XVIII (Medicare) and Title XIX (Medicaid) be circulated to the field at least 180 days before publication of the regulation in the *Federal Register*.

Circulation to the field shall mean that the Department of Health, Education, and Welfare shall publish the tentative regulation and/or regulation change to the American Hospital Association and the American Nursing Homes Association at least 180 days before publication in the *Federal Register*.

Senator Mansfield's address in Washington is:

Senator Mike Mansfield,
Office of the Majority Leader,
Washington, D.C. 20510.

Hospital administrators should bring this letter to the attention of their Board members and request their aid in writing Senator Mansfield.

Thank you.

[Social Security Administration, 20 CFR Part 405]

FEDERAL HEALTH INSURANCE FOR THE AGED

(Fire and Safety Requirements for Extended Care Facilities and for Hospitals Not Accredited by Joint Commission on Accreditation of Hospitals or American Osteopathic Association)

Notice is hereby given, pursuant to the Administrative Procedure Act (5 U.S.C. 552 et seq.) that the regulations set forth in tentative form are proposed by the Commissioner of Social Security, with the approval of the Secretary of Health, Education, and Welfare.

The proposed regulations would provide that in order for extended care facilities and hospitals not accredited by the Joint Commission on Accreditation of Hospitals or the American Osteopathic Association to qualify for participation under the Medicare program; (1) the standards in the National Fire Protection Association's Life Safety Code shall be complied with; (2) carpeting, carpet assemblies, and other floor coverings installed in inpatient care areas shall have a flame spread rating of not more than 75, when tested in accordance with the "Steiner Tunnel Test" prescribed by the American Society for Testing and Materials (ASTM–E84–68—Surface Burning Characteristics of Building Materials), or a flame propagation index of less than 4.0 when tested in accordance with the "Underwriters' Laboratories Chamber Test" (UL 992—Chamber Test Method for the Flame Propagation Classification of Flooring and Floor Covering Materials), or in other than inpatient areas a flame spread rating that meets the standards under the Flammable Fabrics Act (DOC FF 1–70 and DOC FF 2–70), provided that these areas are separated from inpatient care areas; and (3) specific safety precautions shall be taken in the handling and storage of oxygen. The proposed regulations also make changes of an editorial nature.

Prior to the final adoption of the proposed regulations, consideration will be given to any data, comments, or arguments pertaining thereto which are submitted in writing in duplicate to the Commissioner of Social Security. Department of Health, Education, and Welfare Building, Fourth and Independence Avenue SW., Washington, D.C. 20201, within a period of 30 days from the date of publication of this notice in the FEDERAL REGISTER.

The proposed regulations are to be issued under the authority contained in sections 1102, 1842, 1862, 1870, 1871, 49 Stat. 647, as amended, 79 Stat. 309, 79 Stat. 325, 79 Stat. 331, 81 Stat. 846–847; 42 U.S.C. 1302, 1395, et seq.

Dated: August 12, 1970.

ROBERT M. BALL,
Commissioner of Social Security.

Approved: August 26, 1970.

JOHN G. VENEMAN,
Acting Secretary of Health, Education, and Welfare.

Regulations No. 5 of the Social Security Administration (20 CFR 405), are further amended as follows:

1. Paragraph (b) of § 405.1022 is amended by revising the material preceding subparagraph (1) and subparagraph (1) and adding new subparagraphs (4) and (5) to such paragraph to read as follows:

§ 405.1022 Condition of participation—physical environment.

* * * * *

(b) *Standard; fire control.* The hospital conforms to the current standards of the National Fire Protection Association's Life Safety Code, as amended from time to time. The hospital provides fire protection by the elimination of fire hazards; the installation of necessary safeguards such as extinguishers, sprinkling devices and fire barriers to insure rapid and effective fire control; and the adoption of written fire control plans rehearsed four times a year by key personnel on each shift. The factors explaining the standard are as follows:

(1) The hospital has:

(i) Written evidence of regular inspection and approval by State or local fire control agencies;

(ii) Equipment as close to fireproof as possible;

(iii) A sufficient number of fire extinguishers properly situated, checked annually for type, replacement, and renewal dates, and maintained in workable condition;

(iv) If flammable anesthetics are used in the operating and delivery rooms, these rooms have conductive floors with the required equipment and underground electrical circuits;

(v) Proper routine storage and prompt disposal of trash;

(vi) "No Smoking" signs prominently displayed, where appropriate, with rules governing the ban on smoking in designated areas of the hospital which are enforced and required to be obeyed by all personnel; and

(vii) Fire regulations prominently posted and all fire codes rigidly observed and carried out.

* * * * *

(4) Flame spread rating of carpet, carpet assemblies, and other floor coverings installed in inpatient care areas is not more than 75, when tested in accordance with the "Steiner Tunnel Test" prescribed by the American Society for Testing and Materials (ASTM–E84–68—Surface Burning Characteristics of Building Materials) or a flame propagation index of less than 4.0 when tested in accordance with the "Underwriters' Laboratories Chamber Test" (UL 992—Chamber Test Method for the Flame Propagation Classification of Flooring and Floor Covering Materials).

(5) Flame spread rating of carpet and carpet assemblies and other floor coverings installed in other than inpatient areas meets the standards promulgated under the Flammable Fabrics Act (DOC FF 1–70 and DOC FF 2–70), provided that these areas are separated from inpatient care areas by fire resistive construction or suitable smokestop partitions that are approved by State or local fire authorities. Floor coverings in areas which are not so separated from inpatient areas shall meet the ASTM–E84–68 or UL 992 requirements contained in subparagraph (4) of this paragraph.

* * * * *

2. In § 405.1134 the material preceding paragraph (a) and paragraph (a) are revised to read as follows:

§ 405.1134. Condition of participation—physical environment.

The extended care facility is constructed, equipped, and maintained to insure the safety of patients and provides a functional, sanitary, and comfortable environment.

(a) *Standard; safety of patients.* The extended care facility is constructed, equipped, and maintained to insure the safety of patients. It is structurally sound and conforms to the current standards of the National Fire Protection Association's Life Safety Code as amended from time to time and it satisfies the following conditions:

(1) The facility complies with all applicable State and local codes governing construction.

(2) Fire resistance and flame spread ratings of construction, materials, and finishes comply with current State and local fire protection codes and ordinances.

(3) Flame spread rating of carpet, carpet assemblies, and other floor coverings installed in inpatient care areas is not more than 75, when tested in accordance with the "Steiner Tunnel Test" prescribed by the American Society for Testing and Materials (ASTM–E84–68—Surface Burning Characteristics of Building Materials), or a flame propagation index of less than 4.0 when tested in accordance with the "Underwriters' Laboratories Chamber Test" (UL 992—Chamber Test Method for the Flame Propagation Classification of Flooring and Floor Covering Materials).

(4) Flame spread rating of carpet and carpet assemblies and other floor coverings installed in other than inpatient areas meets the standards promulgated under the Flammable Fabrics Act (DOC FF 1–70 and DOC FF 2–70), provided that these areas are separated from inpatient care areas by fire resistive construction or suitable smokestop partitions that are approved by State or local fire authorities. Floor coverings in areas which are not so separated from inpatient areas shall meet the ASTM–E84–68 or UL 992 requirements contained in subparagraph (3) of this paragraph.

(5) Fire and smoke alarm systems providing complete coverage of the building are installed and inspected regularly. Fire extinguishers are conveniently located on each floor. Fire regulations are prominently posted and carefully observed.

(6) Corridors are equipped with firmly secured handrails on each side.

(7) Unless the facility is of 2-hour fire resistive construction, blind and non-ambulatory or physically handicapped persons are not housed above the street level floor.

(8) Reports of periodic inspections of the structure by the fire control authority having jurisdiction in the area are on file in the facility.

(9) The building is maintained in good repair and kept free of hazards such as those created by any damaged or defective parts of the building.

(10) No occupancies or activities undesirable to the health and safety of patients are located in the building or buildings of the extended care facility.

(11) Safety precautions in the handling and storage of oxygen shall include:

(i) Shockproof and sparkproof equipment;

(ii) Posted safety regulations; and

(iii) All other applicable safety provisions required by the current National Fire Code (NFPA No. 56).

* * * * *

[F.R. Doc. 70–11555; Filed, Sept. 1, 1970; 8:46 a.m.]

RESOLUTION

Whereas, the Department of Health, Education and Welfare has proposed to adopt regulations which provide that in order for extended care facilities and hospitals not accredited by the Joint Commission on Accreditation of Hospitals or the American Osteopathic Association to qualify for participation under the Medicare program (1) the standards in the National Fire Protection Association Life Safety Code shall be complied with; and

Whereas, prior to the final adoption of the proposed regulations, consideration will be given to any data, comments or arguments pertaining thereto which are submitted in writing in duplicate to the Commission Building. Fourth and Independence Avenue SW, Washington, D.C. 20201, on or before December 2, 1970; and

Whereas, Hospitals are at all times vitally interested and concerned with the welfare and safety of the patient, and the cost thereof is not the dominating consideration; and

Whereas, it appears that the Department of Health, Education and Welfare is violating precedent in proposing to adopt regulations in total of an independent organization namely the National Fire Protection Association without providing due process for institutions to be governed thereby to be involved in and have a voice in the formulation of such regulations; and

Whereas, it appears that the proposed blanket adoption of the Life Safety Code has not been properly evaluated with the application thereof to individual institutions in terms of optimum efficiency, cost and implementation; and

Whereas, it appears that the adoption of the Life Safety Code shall obligate all institutions to adhere thereto as the same shall be from time to time amended by the National Fire Protection Association without affording the Department of Health, Education and Welfare and the institutions governed thereby due process in the formulation of such amendments as they may be proposed, and that institutions may be denied certification under Title XVIII without due process; and

Whereas, it further appears that the proposed regulations makes mandatory the al-

most immediate purchase and installation within affected institutions of automatic sprinkling systems and thereby establishes discriminatory treatment and requirements for the different regions of the nation; and

Whereas, there is definitive and authoritative opinions that automatic sprinkling systems do not provide maximum automatic fire protection and that there should be allowance for alternative arrangements that will secure as nearly equivalent safety to life from fire as may be practical; and

Whereas, there is further definitive and authoritative opinions that smoke detection systems provide alternative fire protection satisfactory to the guarantee of life from fire which are practical;

Now, therefore, be it resolved: That the American Hospital Association be directed to investigate the potential impact of the proposed action of the Department of Health, Education and Welfare upon member institutions of the American Hospital Association and to present alternative arrangements that will secure equivalent safety to life from fire as may be practical and

Further Resolved that the American Hospital Association prepare and file appropriate objections to the Commissioner of Social Security in accordance with the foregoing stated reasons, or in accordance with the development of additional reasons from the recommended investigation of the American Hospital Association.

Adopted by Region VIII of the American Hospital Association, November 9, 1970.

MONTANA HOSPITAL ASSOCIATION,
Helena, Mont., November 4, 1970.

Senator MIKE MANSFIELD,
Senate Majority Leader,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MANSFIELD: Congratulations on your re-election as Senator from Montana. It was a smashing victory and well deserved

We have been notified that the Secretary of Health, Education, and Welfare has granted an extension to December 2, 1970 to give all interested parties the opportunity of commenting or protesting the proposed regulation change that was entered in the Federal Register, Volume 35, Number 171, page 13888 as it refers to fire and safety requirements for extended care facilities and for hospitals.

I personally thank you on behalf of the member hospitals of the Montana Hospital Association for the action taken by you in requesting a top level conference with the Secretary of Health, Education, and Welfare on this particular problem.

The Montana Hospital Association will officially protest this regulation change as will most of the hospitals in the state of Montana. In addition, we fell that the state associations in our region, which includes the states of Arizona, New Mexico, Colorado, Utah, Wyoming and Idaho will also make formal protests regarding the language and the purpose of this regulation change.

Mr. Frank Stewart, president of the Montana Hospital Association, Sister Alice Marie, delegate to the American Hospital Association, and I will pursue this question further with members of the Region VIII of the American Hospital Association in Denver on November 9th. It is our intention to propose that Region VIII of the American Hospital Association request that the American Hospital Association take immediate action in protesting this regulation change on behalf of all of the members of the AHA.

Besides the financial outlay that individual hospitals would have to make in establishing sprinkler systems in their facilities, we find that one of the key issues of the entire regulation is that the hospital would have to conform to current standards of the National Fire Protection Association's Life Safety Code, *as amended from time to time.* This clause in itself would mean that the National Fire Protection Association could change its standards six months, a year, from now and the hosiptals would then be exposed to additional expense in installing other smoke detection devices and fire control devices that the National Fire Protection Association would deem necessary.

We have no particular complaint against the National Fire Protection Association except that it is an organization which has no governmental controls over it and is run by various and sundry insurance companies and fire marshals across the nation.

I have researched all of the regulations and conditions for certification that the Department of Health, Education, and Welfare has implemented since Medicare became a reality and can find no regulation that gives an outside agency or association actual standard setting authority.

We are currently collecting data from hospitals across the state regarding what it will cost them individually to install the sprinkler systems in accordance with the National Fire Protection Association. A few examples so far are: Broadwater Hospital in Townsend, 23 beds, $16,000; Madison Valley Hospital, Ennis, 14 beds, $13,580 or $970 per bed. Without any federal funds available to provide for the installation of the sprinkler systems, the hospitals will have to increase their charges to the public.

I personally feel that the Department of Health, Education, and Welfare is moving too fast in the entire area of regulation setting and changing of regulations and that our field is so complex that we are not able to keep up with the regulations nor are we able to take any specific action upon proposed regulations within the thirty days allowed us from the date of publication of the notice in the Federal Register. I do hope that you will consider some appropriate legislative action to assure the hospital and nursing home field that we will receive ample notification, and I am suggesting at least 180 days notice, of regulation changes before they are published in the Federal Register.

I, and other representatives of the Montana Hospital Association, will be in Washington during January 25–27 and will certainly take the opportunity to visit with you at your convenience.

Again, my personal congratulations to you on your victory in Montana. Keep up the good work.

Sincerely,

WILLIAM E. PEARY,
Executive Director.

SPECIAL NOTICE

MONTANA HOSPITAL ASSOCIATION,
Helena, Mont., November 4, 1970.

The Montana Hospital Association has just received notice than an extension has been granted to all parties wanting to protest or comment on the regulation pertaining to the sprinkler system.

The final date for the receiving of protests is now *December 2, 1970.*

This new action will now give the American Hospital Association, state hospital associations, other state agencies and individual hospitals the opportunity to protest the regulation change and attempt to get the regulation rescinded.

For your information, the regulation change has been entered in the 35th Federal Register, No. 13888, September 2, 1970.

More information will be mailed to you following the Denver meeting which is being held November 9–10, 1970.

MONTANA HOSPITAL ASSOCIATION,
Helena, Mont., November 3, 1970.

To: Administrators of Member Hospitals.
From: William E. Leary, Executive Director.
Subject: Sprinkler Systems and Hospitals Accredited by JCAH.

Many of our member hospitals in the Montana Hospital Association have been in recent months faced with the problem of complying with a regulation of the Department of Health, Education, and Welfare which requires that the hospital meet standards of an outside agency (National Fire Protection Association) which has no legal basis for proposing standards or regulations for the Medicare program.

It is interesting to note that the Joint Commission on Accreditation of Hospitals has taken a similar approach regarding this same area of concern which is brought out in its interpretation of Standard 1 under Hospital Safety in the *Standards for the Accreditation of Hospitals.*

Interpretation. "For the purposes of the standards for hospital accreditation, the Joint Commission has classified the type of building construction into six categories, *based upon definitions developed by the National Fire Protection Association.* These categories are: fire resistant construction, protected non-combustible construction, heavy timber construction, noncombustible construction, ordinary construction and wood frame construction.

"Hospitals of heavy timber construction, noncombustible construction, ordinary construction, or wood frame construction, shall have an approved automatic fire extinguishing system. Such (a) system(s) shall be compatible with the area to be protected and shall not cause a situation that in itself would endanger the lives and safety of patients and personnel."

The interpretation then goes on to define multiple construction type buildings, hazardous areas, exists, corridors, etc. The interesting part of the interpretation is that it stipulates that certain construction hospitals shall have approved automatic fire extinguishing systems and then goes on to say that an approved automatic fire extinguishing system is one which is in compliance with the following appropriate NFPA standards. *Standard for Foam Extinguishing Systems, 1969, NFPA 11; Standards on Carbon Dioxide Extinguishing Systems, 1968, NFPA 12; Installation of Sprinkler Systems, 1969 NFPA 13; Water Spray Fixed Systems, 1969, NFPA 15; Standard for Dry Chemical Extinguishing Systems, 1969 NFPA 17; Standard on Wetting Agents, 1969, NFPA 18.*

Although no mention is made in the Joint Commission on Accreditation standards regarding accepting amendments in the Life Safety Code as they are amended from time to time, it is conceivable that this possibility could happen and hospitals are advised to study carefully this standard.

The wording of the NFPA's Life Safety Code page 101–109, section 10–2341 is somewhat confusing but can be interpreted to mean that automatic sprinkler systems will have to be provided throughout all hospitals except those hospitals that are of fire resistant construction or those hospitals that are 1-hour protected noncombustible construction not over 1 story in height.

The phrase "not over 1-story in height" would seem to mean that most hospitals in Montana except those classified as truely fire resistant construction would fall within the new proposed regulation of Health, Education, and Welfare and would increase the number of hospitals needing to be sprinkled from the current 29 to a much higher figure. And in fact, early investigation would indicate that only about eight or nine hospitals in Montana would escape the sprinkler system regulation.

If our interpretation of the JCAH standard and the Life Safety Code standard is correct, this then becomes a nationwide problem affecting most of the hospitals in the nation. Besides the cost factor involved in installing sprinkler systems in almost every hospital in our nation, the time element involved in getting the work done even within two years is impossible to expect.

I encourage every hospital administrator to study carefully the JCAH standard and discuss it in full with his Board of Trustees.

MONTANA HOSPITAL ASSOCIATION,
Helena, Mont., November 3, 1970.

To: Administrators of Member Hospitals.
From: William E. Leary, Executive Director.
Subject: More About the "Sprinkler System" Crisis.

Many members of the Montana Hospital Association have requested some background data regarding the problem of sprinkler systems in some of our hospitals and consequently, this letter to you will be somewhat historical and yet bring you up to date as to what the Montana Hospital Association is planning to do regarding this problem.

HISTORY

On April 30, 1970, Mr. Leon J. Rollin, Assistant Regional Representative, Bureau of Health Insurance, Department of Health, Education, and Welfare in Denver, Colo., wrote to Mr. Mel Lindburg, Medicare Coordinator, Division of Hospitals and Medical Facilities, Montana Department of Health. The following is the text of that letter.

DEAR MR. LINDBURG: The Harmar House fire in Ohio has brought to light, in a tragic way, the necessity for more aggressive and effective implementation of the Medicare physical environment (and disaster plan) requirements related to fire safety. It is necessary that you immediately inform each Medicare facility in your state identified as being of unsprinkled wood frame construction that sprinklers are required and that immediate steps should be taken to safeguard patients. Local fire marshals should be able to assist facilities in taking measures to assure interim fire protection safeguards while sprinkler systems are being installed. Examples of the types of action that should be taken include, but are not limited to, increasing frequency of fire drills; keeping stairwell doors closed at all times, discarding bulky refuge promptly so trash does not remain overnight in the building; prohibition of smoking in rooms where flammable liquids, combustible gases or oxygen are used or stored; prohibition of smoking by patients classified as not responsible; providing ashtrays of noncombustible materials; opening any paint-stuck apertures; and making sure equipment or other materials are not stored in corridors.

Every wood frame unsprinkled Medicare facility in your state should be given a 45-day deadline after your contract (the end of the 45-day period should be no later than June 15, 1970 in any case) to indicate an intent to comply with the automatic sprinkler requirement and submit evidence (a contract, request for bids, etc.) to your agency that gives definite assurance that it is actually going ahead with the work. Sprinklers must be installed by *October 1, 1970.* If the facility does not submit such evidence by June 15, 1970, or indicates by then that it does not plan to install an automatic sprinkler system in its wood frame facility, you are then instructed to process a termination in accordance with State Operations Manual, section 2730. Because of the severe hazard existing, these cases should have the highest processing priority and your agency should immediately schedule a current resurvey (this will not be necessary if a complete resurvey has been performed within 60 days), prepare the termination case, and forward it to the regional office. *Complete all processing of termination causes and forward these to the regional office no later than July 30, 1970.* You should advise the regional office of the status of this project by May 22, 1970, and again on June 15, 1970. We may require other reports in early August and again about October 1, 1970.

A review by our central office of survey report forms pointed up the fact that some *extended care facilities* with various types of construction have not safeguarded hazardous areas. Section 10–1371 of the 1967 edition of the *Life Safety Code* states:

"Any hazardous area should be so safeguarded as to minimize dangers to occupants of institutional buildings from fires occurring in a hazardous area; the means of safeguard shall be appropriate to the degree of hazard and shall consist of separation by construction of at least one hour of fire resistance rating or automatic fire protection.

"Where hazard is severe, both fire resistance construction and automatic fire protection shall be used. Hazardous areas include, but are not restricted to, the following: boiler and heater rooms, laundries, kitchens, repair shops, handicraft shops, laboratories, employee locker rooms, soiled linen rooms, rooms or spaces used for storage in quantities deemed hazardous by the authority having jurisdiction of combustible supplies and equipment, trash collection rooms, and gift shops."

The *Life Safety Code,* as quoted above shall be placed into operation with the same deadlines that have been previously discussed. Please note that adequate separation of the hazardous area from the rest of the extended care facility or hospital by suitable fire protected materials could make it unnecessary to install an automatic sprinkler system. Similarly, where a hazardous area is physically removed from the rest of the facility, sprinkling may be unnecessary; for example, where the boiler and heater rooms are located in a separate building. Should you feel that section 10–1371 of the *Life Safety Code* is nonapplicable to any of your unsprinkled facilities, you should furnish us with a complete description of the deficiency together with a signed evaluation by the state or local fire marshal that explains why in his judgment additional safeguards are not required. At the present time, our central office is still considering whether to require sprinklers in "ordinary" constructed providers ("ordinary" as defined by the *Life Safety Code.*)

Because of the significant capital expenditures that may be involved in taking adequate fire safety precautions, we are drafting a letter to be sent to your state hospital and nursing home associations informing them of our action. We are expecting that you will take immediate action to inform the affected providers of these latest requirements. Please contact us if questions remain.

Sincerely yours,

LEON J. ROLLIN,
Assistant Regional Representative,
Bureau of Health Insurance.

This, then, was the original directive which affected initially only eight hospitals in Montana. The Montana Department of Health, along with the Montana Hospital Association, attempted to get the Department of Health, Education, and Welfare to rescind their directive on the basis (1) that smoke detection devices were more effective than the automatic sprinkler systems in health care facilities and about 25% of the cost of installation; (2) that there are no companies in Montana that sell and install sprinkler systems and it was impossible to comply with the directive by October 1, 1970; (3) the action taken by the Department of Health, Education, and Welfare was taken without a complete study of the relative value of sprinkler systems and smoke detection devices and was due to aggressive political pressure put on the department due in part to the Harmar House fire in Marietta, Ohio.

The Department of Health, Education, and Welfare was unyielding in its efforts to push this directive. However, they did extend the date for the eight hospitals to December 31, 1970.

The current regulation, section 405.1022. Condition of Participation-Physical Environment as it relates to fire controls reads as follows:

"(b) Standard; fire control. The hospital provides fire protection by the elimination of fire hazards; the installation of necessary safeguards such as extinguishers, sprinkling devices, and fire barriers to insure rapid and effective fire control; and the adoption of written fire control plans rehearsed three times a year by key personnel. The factors explaining the standard are as follows:

(1) The hospital has:

(i) Written evidence of regular inspection and approval by State or local fire control agencies;

(ii) Fire-resistant buildings, and equipment as close to fireproof as possible;

(iii) Stairwells kept closed by fire doors or equipped with unimpaired automatic closing devices;

(iv) An annual check of fire extinguishers for type, replacement, and renewal dates;

(v) *Sprinkler systems at least for trash and laundry chutes, paint and carpenter shops, and most storage areas, and fire detection equipment for bulk storage areas;* (emphasis added)

(vi) Conductive floors with the required equipment and ungrounded electrical circuits in areas subject to explosion hazards;

(vii) Proper routine storage and prompt disposal of trash;

(viii) "No Smoking" signs prominently displayed, where appropriate, with rules governing the ban on smoking in designated areas of the hospital enforced and obeyed by all personnel; and

(ix) Fire regulations prominently posted and all fire codes rigidly observed and carried out.

(2) Written fire control plans contain provisions for prompt reporting of all fires; extinguishing fires; protection of patients, personnel and guests; evacuation; and cooperation with fire fighting authorities.

(3) There are rigidly enforced written rules and regulations governing proper routine methods of handling and storing explosive agents, particularly in operating rooms and laboratories, and governing the provision of oxygen therapy."

Thus, the original regulation which was written by the Department of Health, Education, and Welfare merely indicated that trash areas, laundry chutes, paint and carpenter shops and storage areas should have sprinkler systems but did not mention in any way sprinkling of the entire hospital or ECF.

On September 9, 1970 the Department of Health, Education, and Welfare proposed a regulation change concerning fire and safety requirements for hospitals and extended care facilities participating in Medicare.

This was entered in the 35th Federal Register, No. 13888, September 2, 1970.

As proposed, participating hospitals and extended care facilities would have to comply with the standards of the National Fire Protection Association's Life Safety Code. In addition, carpeting, carpet assemblies and other floor coverings installed in inpatient care areas must have either a flame spread rating of not more than 75 when tested in accordance with the "Steiner Tunnel Test" prescribed by the American Society for Testing and Materials on a flame propagation index of less than 4.0 when tested in accordance with the "Underwriter's Laboratory Chamber Test."

The regulation in terms of the carpeting, etc., was well published, however, the proposed regulation regarding complying with standards of the National Fire Protection Association's Life Safety Code was hardly mentioned.

Thus, the new regulation would *now* read: 405.1022 Condition of Participation—Physical Environment:

"(b) Standard; fire control. The hospital conforms to the *current standards* of the National Fire Protection Association's Life Safety Code, *as amended from time to time.* (emphasis added). The hospital provides fire protection by the elimination of fire hazards; the installation of necessary safeguards such as extinguishers, sprinkling devices, and fire

barriers to insure rapid and effective fire control; and the adoption of written fire control plans rehearsed four times a year by key personnel on each shift. The factors explaining the standard are as follows:

(1) The hospital has:

(i) Written evidence of regular inspection and approval by State or local fire control agencies;

(ii) Equipment as close to fireproof as possible.

(iii) A sufficient number of fire extinguishers properly situated, checked annually for type, replacement, and renewal dates, and maintained in workable condition;

(iv) If flammable anesthetics are used in the operating and delivery rooms, these rooms have conductive floors with the required equipment and ungrounded electrical circuits;

(v) Proper routine storage and prompt disposal of trash;

(vi) "No Smoking" signs prominently displayed, where appropriate, with rules governing the ban on smoking in designated areas of the hospital which are enforced and required to be obeyed by all personnel; and

(vii) Fire regulations prominently posted and all fire codes rigidly observed and carried out."

THE MEANING OF THESE REGULATIONS

When the Department of Health, Education, and Welfare by use of this proposed regulation changed the section regarding fire regulations and standards, it then indicated that hosiptals and extended care facilities would have to meet standards of an association (National Fire Protection Association) and that these standards would be those currently in effect *and any changes that might be made in the future.*

The Life Safety Code (NFPA 101) now states in Section 10–2341 (pages 101–109) "Automatic sprinkler protection shall be provided throughout all hospitals, nursing homes, and residential-custodial care facilities, except those of fire resistant construction or 1-hour protected noncombustible construction not over 1 story in height."

This section of the Life Safety Code as written by the National Fire Protection Association, then becomes a regulation in itself which can be subject to change without governmental action or without being published in the Federal Register.

Thus, if the National Fire Protection Association makes a change in its code or any of its codes affecting hospitals and ECF's, the institutions would have to comply with the standards of the National Fire Protection Association or face the possibility of losing its certification under Title XVIII (Medicare).

In Montana, this has meant that 29 hospitals and 13 ECFs are currently faced with compliance with the regulation by January 31, 1971.

Other state associations in our Region are currently studying the effect that this regulation would have upon their member hospitals and the Montana Hospital Association will place this item on the agenda at the American Hospital Association's Region VIII meeting on November 9th in Denver. We intend also to discuss in full this new regulation with the regional authorities in the Denver office of Health, Education, and Welfare on November 10th.

The Montana Hospital Association is still very hopeful that we will be able to get the Department of Health, Education, and Welfare to rescind this new regulation and along with the top level meeting demanded by Senator Mansfield, we may be able to get some action regarding this approach of accepting an outside agency's standards. Hopefully, this can be done without legal action.

LEGAL ACTION

Other state associations in our area are currently investigating the possibility of taking legal action as a class suit to file an injunction to prevent this regulation from being enforced.

The Board of Trustees of the Montana Hospital Association has authorized our attorney to study the legal approaches available to the member hospitals of MHA.

RECOMMENDATION

The Montana Hospital Association is still recommending that the 29 affected hospitals go ahead and have the surveys done by the various sprinkler system companies but that the hospitals *do not* let bids or sign any contracts or agreements for the work until the Montana Hospital Association has had the opportunity to investigate all options available to the hospitals.

More information will be made available after the meeting with Health, Education, and Welfare officials in Denver.

COMMITTEE ON FINANCE U.S. SENATE—LOANS FOR FIRE SPRINKLER SYSTEMS

The Committee agreed to a modified version of an amendment introduced by Senator Mansfield to authorize the establishment of a loan fund within the Department of Health, Education, and Welfare, to be used for making loans to certain hospitals and extended care facilities for the purpose of installing fire sprinkler systems when such systems are required by Medicare. The loans would be made to small rural institutions unable to secure financing from conventional sources. Loans would be subject to approval of the State agency responsible for health care facility planning. The loan authority would expire after five years. Loans could not be made for terms exceeding ten years.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, November 17, 1970.

Hon. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MANSFIELD: This is in reply to your telegram dated October 19, 1970.

I am enclosing a report prepared by Commissioner Robert M. Ball to explain the reasons for enforcement of the sprinkler requirement. We are committed, as we know you are, to a policy of preventing unnecessary increases in medical care costs, but in this situation we must, as Commissioner Ball indicates, consider patient safety to be the paramount factor influencing a decision.

In your telegram to me, you raised the question of the possible use of Hill-Burton funds to assist facilities in installing sprinkler systems. As far as Federal law is concerned, it would be possible for the States to use Hill-Burton funds in this way, but the actual decision to do so would not be a Federal decision but rather the decision of State and local authorities.

With best regards,

Sincerely,

ELLIOT L. RICHARDSON,
Secretary.

REPORT TO SECRETARY RICHARDSON REGARDING TELEGRAM FROM SENATOR MIKE MANSFIELD, NOVEMBER 17, 1970

Our recent instructions to the State health departments concerning the need for sprinklers in wood-frame buildings stem from a requirement that is included in the 1967 amendments to the Social Security Act.

Public Law 90–248, section 234, provides that (with exceptions not here relevant) in the title XIX (Medicaid) program, skilled nursing homes will be required to meet the provisions of the Life Safety Code effective January 1, 1970. Public Law 89–97, section 1863, provides that where a higher requirement is imposed on an institution under a State plan approved under title XIX a like requirement shall be imposed as a condition for payment under Medicare. The Social Security Administration has, therefore, adopted the provision of the Code as the Medicare standards for nursing homes, i.e., extended care facilities. While these provisions do not apply to hospitals in express terms, regulations now in the process of being promulgated will apply the Life Safety Code to hospitals also under the authority of sections 1861(e)(8) and 1863 of the Social Security Act.

The Life Safety Code is a set of standards developed by the National Fire Protection Association, a private organization of recognized experts in the fire prevention field. The Code specifies that sprinklers are required in institutional occupancies except where the building is of a noncombustible type of construction, i.e., the supporting walls, roof and floor are constructed of metal, concrete, masonry, or other materials that do not burn. According to the NFPA, "experience shows that automatic sprinklers, properly installed and maintained, are the most effective way of any of the various safeguards against loss of life by fire." (Appendix A, Life Safety Code, 1967, NFPA 101, page 184.)

The recent instructions to the States and providers do not contain any new information. The statutory tie-in to the Life Safety Code has been known since 1967. As early as 1968. many State agencies had already adopted the Code and in 1969, the Social Security Administration advised all State agencies of the nationwide applicability of the Code starting in 1970. The hospital and nursing home associations were aware of the sprinkler requirement before 1970 and individual facilities have had a great deal of advance notice that this requirement would be linked to the Federal health insurance programs.

We are very much aware that the sprinkler requirement involves considerable costs to individual facilities. We wish it were possible to come up with some alternative that would provide equal protection for the safety of patients, but most fire safety experts have told us that alternative protective measures do not provide the same degree of safety as automatic extinguishing systems. Therefore, we do not believe that this would be an appropriate area for achieving desired cost reductions.

The instruction that we sent out on sprinklers recognized that some hospitals and nursing homes may not always be able to get a sprinkler system installed right away. It provides that facilities are to have a contract by January 31, from a company that installs sprinkler systems and that actual installation may take place afterwards. If a facility is unable to meet the January 31 date for valid reasons, we certainly would be willing to grant a reasonable extension. Any facility in Montana anticipating difficulty should get in touch with our Denver Health Insurance Regional Office.

ROBERT M. BALL,
Commissioner of Social Security.

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C., December 1970.

Hon. FORREST H. ANDERSON,
Governor, State of Montana, Helena, Mont.

DEAR FORREST: This will acknowledge receipt of your letter relative to the Social Security ruling affecting hospitals and nursing homes.

Because of your expression of concern and for your information, I am enclosing a copy of a letter I have received recently under the signature of the Secretary of Health, Education, and Welfare, as well as a report under the signature of the Commissioner of Social Security. Although the enclosed report is not more favorable, I am sending it on to you in the hope that it will provide some clarification.

I am pleased to inform you that the Senate Committee on Finance has approved a

modified version of an amendment I introduced to authorize the establishment of a loan fund within HEW to be used for making loans to certain hospitals and extended care facilities for the purpose of installing fire sprinkler systems when such systems are required by Medicare.

I am continuing to work on this matter and want to assure you every effort is being made to be of assistance to all facilities affected. Please rest assured that I will keep you informed as this matter progresses.

You may be assured of my continued interest and with best personal wishes, I am

Sincerely yours,

MIKE MANSFIELD.

STATE DEPARTMENT OF HEALTH,
Helena, Mont., September 28, 1970.

Re Bureau of Health Insurance
Automatic Sprinkler Requirement.

Hon. MIKE MANSFIELD,
Senate Majority Leader,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MANSFIELD: I think you should be informed about how the Bureau of Health Insurance directive will affect health care facilities in Montana.

Because of the recent tragic fire in an Ohio nursing home, the federal government has been pushing for more stringent requirements for providers of "medicare" and "medicaid." This comes in the form of several directives from the Bureau of Health Insurance, Denver Regional Office, that all hospitals and extended care facilities of wood frame construction with less than one hour fire resistance must have automatic sprinkler systems installed by December 31, 1970.

This department, together with Mr. William Penttila, the State Fire Marshal, oppose this requirement. Automatic sprinkler systems will protect the building, but will not guarantee patient safety. We think smoke detector devices are preferred. Other states have voiced the same opinion, but with no resulting change of requirements coming from the Bureau of Health Insurance.

The federal administration will require Montana hospitals and nursing homes to spend an estimated $600,000 without any benefit to the patient. Many of our providers will have difficulty in financing the cost of automatic sprinklers. The Bureau of Health Insurance will require us to terminate from medicare eligibility those health facilities that can not comply. Our citizens will be the losers.

I am attaching a memorandum from Mr. Lindburg, Medicare Coordinator, with our department. It may be longer than you care to read, but, at least, you may want to know which health facilities are affected by this requirement.

Sincerely yours,

JOHN S. ANDERSON, M.D.,
Executive Officer.

MONTANA STATE DEPARTMENT OF HEALTH,
September 23, 1970.

To: Dr. John S. Anderson.
From Mr. M. E. Lindburg.
Subject: Bureau of Health Insurance Sprinkler Directives.

As you requested, we are submitting a status report of sprinkler system directives from the Bureau of Health Insurance, our responses to the directives, and an analysis of how these directives will affect providers of Title 18 and 19 services.

1. On April 15, 1970, this Division was requested, by BHI RO, Denver, to furnish information on all certified Hospitals and Extended Care Facilities in the state regarding classification of construction (woodframe-ordinary), single or multi-storied, sprinkler systems installed or not, (if not, do they have smoke or heat detection systems).

a. The information was furnished, as requested.

2. On April 30, 1970, we received a directive from BHI RO, Denver, to inform each Medicare facility in the state (identified as being of un-sprinkled woodframe construction) that sprinklers were required and must be installed by October 1, 1970. The facilities were further required to furnish us, within 45 days, an intent to comply. If this were not done, or if we received an indication that a facility did not intend to comply, we were instructed to process a termination on the basis of an existing severe life safety hazard.

a. On May 12, 1970, Mr. George Fenner of this Division, discussed ramifications of the directive with Mr. Wilburn Smith and Mr. Ron Hansen indicating inconsistencies in deadlines for accomplishing installation of sprinkler systems and reasons we were opposed to the requirement.

b. On May 15, 1970, this office prepared a letter for your signature to Mr. Wilburn Smith, stating some of the reasons we were in opposition to the directive, but we were reluctantly complying, in part, to the directive, however.

c. We received, from the Hospital Construction Section of this Division, a list of nine hospitals which are considered, by them, to be of un-sprinkled woodframe construction with less than one-hour fire resistance. These are:

Roosevelt Memorial Hospital, Culbertson.
Madison Valley Hospital, Ennis.
Shodair Childrens Hospital, Helena.
Sanders County General Hospital, Hot Springs.
Missoula Community Hospital, Missoula.
St. Luke's Community Hospital, Ronan.
Broadwater Hospital, Townsend.
North Valley Hospital, Whitefish.
Prairie Community Hospital, Terry.

d. The above listed facilities were notified, by letter, on May 15, 1970, of the directive citing the October 1 deadline and requesting notification to us, within 45 days, of their intent.

3. In a letter dated May 8, 1970, from the BHI RO, Denver, we were requested to complete some worksheets, provided by them, pertaining to Extended Care Facilities having one or more deficiencies in physical environment and disaster planning. This letter also indicated that we were to advise them of the status of the nine facilities, referred to above, regarding progress of installation of sprinkler systems as of June 15.

a. We completed the worksheets, as requested, and returned them.

4. In a letter dated June 9, 1970, from the BRI RO, Denver, we were informed that the letters of April 30 and May 8, 1970 (referred to above) should not have referred to woodframe construction, specifically, but rather, should have stipulated "all facilities with less than one-hour fire resistance."

a. This did not affect us, as we had made this determination at the onset.

5. In a letter dated July 30, 1970, from the BHI RO, Denver, we received some additional worksheets on non-accredited hospital providers to complete, requesting certain data regarding physical environment and disaster plan area deficiencies as noted in their most recent survey report. Also, this letter indicated that deadlines previously set had been extended to September 30, 1970 as the date when evidence must be submitted to indicate intent to comply with the sprinkler requirement; and December 31, 1970 as the date when sprinklers must be installed.

a. Worksheets were completed and mailed August 6, 1970.

6. A telephone call was received from BHI RO, Denver, requesting a list of protected woodframe Hospitals and Extended Care Facilities in the state.

a. This request was referred to the Hospital Construction Section of this Division. Mr. Walt Moyle furnished them with the names of the following 33 facilities:

HOSPITALS

Stillwater Community Hospital, Columbus.
Livingston Memorial Hospital, Livingston.
St. Joseph's Hospital, Lewistown.
Garfield County Hospital, Jordan.
Liberty County Hospital, Chester.
Barrett Hospital, Dillon.
Carbon County Memorial Hospital, Red Lodge.
Sweet Grass Community Hospital, Big Timber.
Teton Memorial Hospital, Choteau.
Wheatland Memorial Hospital, Harlowton.
St. John's Lutheran Hospital, Libby.
Daniels Memorial Hospital, Scobey.
Dahl Memorial Hospital, Ekalaka.
McCone County Hospital, Circle.
Malta Hospital, Malta.
Granite County Hospital, Philipsburg.
Fallon County Hospital, Baker.
Big Sandy Medical Center, Big Sandy.
Sheridan Memorial Hospital, Plentywood.
Ruby Valley Hospital, Sheridan.

EXTENDED CARE FACILITIES

Liberty County Hospital, Chester.
Roundup Memorial Nursing Home, Roundup.
Wayside Sanitarium, Missoula.
Park View Acres, Dillon.
Valley Convalescent Hospital, Billings.
Valle Vista Manor, Lewistown.
Pondera Pioneer Home, Conrad.
Hillside Manor, Missoula.
Park Place Nursing Home, Great Falls.
Hillcrest, Bozeman.
Valley View Nursing Home, Hamilton.
Royal Manor, Missoula.
Friendship Manor, Livingston.

7. In a letter dated August 6, 1970, from BHI RO, Denver, we were requested to fill out individual reports on each of the above listed facilities containing the following information:

1. A statement that "the roof and floor construction and their supports of the building have one-hour fire resistance, and stairways and other openings through floors are enclosed with partitions having one-hour fire resistance."

2. List the protective measures that are available in lieu of automatic sprinkler protection.

3. List any additional protective measures (detection system, fire doors or barriers, fire alarm system, etc.) that are necessary.

4. List any other factors which should be considered (layout of building, special construction features, etc.) in assessing the fire safety hazards of the facility.

Each report should be signed by the State Fire Marshal or other authorized individual.

a. We held up completion of this report until Mr. Penttila and I returned from Denver on September 19, where we were to discuss the sprinkler directive.

b. On September 18, we referred the four questions on the 33 facilities to the Hospital Construction Section of this Division and requested reply by September 25, at which time the report will be mailed to Denver.

8. On August 26, 1970, I mailed a letter to Mr. Thomas M. Tierney, Director, BHI, Baltimore, Maryland, expressing our concern regarding the sprinkle directive and suggested that ionized smoke detection systems connected to an alarm system be acceptable in lieu of sprinkler systems as being more specifically patient-safety oriented than sprinklers. As of this date, we have received no answer to this communication.

9. On September 2, 1970, I sent essentially the same letter referred to in No. 8 above, to Mr. Richard Stevens, National Fire Protec-

tion Association, Boston, Mass. To date, we have received no reply.

10. On September 3, 1970, we received a letter from the BHI RO, Denver, requesting submission of our past-due reports referred to in No. 7 above.

a. We advised them, by telephone, that we would be unable to assemble the data until September 30, 1970.

11. In a letter dated September 4, 1970 from the Director of Medical Assistance, State Department of Public Welfare, were enclosures from the Associate Regional Commissioner, Medical Services, Title 19, stating in essence, that the Montana Fire and Safety Code is not acceptable in that it does not completely embrace NFPA Life Safety Code, 21st edition 1967 (which requires sprinkler systems in protected and unprotected woodframe health care facilities). This letter states, however, that I, as the licensing agent, can make a written statement on each individual facility where I deem that the lack of a sprinkler system in that facility will not adversely effect the health and safety of the patients.

a. Our reply to this letter was that we were aware of the problem as it had been pointed out to us, frequently, over the past 120 days; and that we were opposed to the Federal directive, and, in fact, have been quite verbal about our discontent. I also informed him that the Fire Marshal and I would be attending a meeting regarding the sprinkler directive on September 18 in Denver and that I would communicate further with him after that date. I further stated that I do not have the authority to waive any state law standards or regulations—this authority rests with the State Board of Health.

12. Mr. William Penttila, Montana State Fire Marshal, and I attended a meeting on September 18, 1970 in Denver for purposes of discussing the sprinkler directive with the BHI Regional Office and Central Office representatives. All other state agencies in Region 8 were represented. They listened to what we had to say, but it appeared they had made up their minds prior to coming to Denver and were not amenable to any suggested deviations or changes.

a. We were informed at the meeting that NFPA Life Safety Code, 21st Edition, 1967, will apply to all certified Medicare and Medicaid health care facilities. The Code states that sprinkler systems will be required in all protected and unprotected woodframe health care facilities.

13. The September 2, 1970 Federal Register, Vol. 35, No. 171 contains several proposed changes in regulations governing the conditions of Medicare in Hospitals and Extended Care Facilities:

1. NFPA Life Safety Code, as amended from time to time, must be complied with.

2. Carpet and carpet assemblies in patient care areas of Hospitals and Extended Care Facilities shall have a flame spread rating of not more than 75 when rated as a result of certain prescribed tests.

3. Fire and smoke systems providing complete coverage of the building are installed and inspected regularly.

a. On September 22, 1970, we responded to the Commissioner of Social Security regarding the above, as follows:

1. We stated that the term "as amended from time to time" would be impossible to implement because our Legislature meets only every two years and any changes in state law would have to be voted on by them.

2. We stated that carpet requirements should include provisions for smoke density and toxicity ratings.

3. "Fire and smoke alarm systems" should be changed to read "fire or smoke alarm systems."

14. The Association of Directors of State and Territorial Health Facility Licensure and Certification Programs will be discussing Life Safety Codes, including the sprinkler directive, at their meeting in San Francisco the week of September 28, which I will be attending. I know there is much opposition to these requirements at the state level and possibly some changes in the directive will be made as a result. I talked to the President of the Association, Dr. George Warner, on September 23, and indicated heavy state opposition and he promised to follow-up on my request to communicate with Social Security Administration.

Our opposition to this directive is based on the following:

1. An ionized smoke detection system connected to an alarm system insures early warning of fire and provides for safe removal of patients.

2. A sprinkler system is designed primarily for protection of material things such as buildings. These systems require intense heat to activate. There have been instances in this state where patients have burned to death before the sprinkler system discharged.

3. The cost of installing a smoke detection system is much less than installation costs for a sprinkler system. For 42 installations, a conservative comparison of costs is approximately $600,000 to $250,000, which necessarily will result in increased health care costs to the consumer.

4. In some areas in the state, water pressure is insufficient to operate a sprinkler system.

5. Extreme temperatures in the state cause difficult maintenance problems in sprinkler system installations.

6. Many of our present hospitals and some presently under construction were and are being built with Federal money (Hill-Burton-FHA) and under present construction guidelines are not required to install sprinkler systems, yet upon completion would require such an installation in order to participate in Federal health care programs.

7. We are a wood-producing state, yet this directive tends to discourage wood construction.

15. In the event we are required to adhere to the directive, and it appears we will be, it will be necessary to:

1. Revise our Hospital, Long-term Care, and Mental Health licensing laws and regulations to adopt NFPA Life Safety Code, 21st Edition, 1967, which may require Legislative action.

a. Delete all references to approval of smoke detection systems in lieu of sprinkler systems.

2. Require all health care facilities not now sprinkled but participating in Federal Health Care Programs Title 18 and 19 to have sprinkler systems installed by December 31, 1970, or have certification terminated.

3. The Montana Hospital Association and the Montana Nursing Home Association have been advised regarding these directives, and, for some reason, they have not reacted either positively or negatively. I believe this is due to their not fully understanding the situation . . . or wishful thinking. If and when the impact comes, I am quite certain they will voice their concerns loud and clear.

NOTE.—After this report was typed, the attached communication was received. It is self-explanatory.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
Denver, Colo., September 22, 1970.

Mr. M. E. LINDBURG,
Medicare Coordinator, Division of Hospital and Medical Facilities, Montana State Department of Health, Helena, Mont.

DEAR MR. LINDBURG: The meeting on fire safety conducted in Denver on September 18, 1970, by BHI, clarified the action that must be taken by State Agencies in implementing the new Medicare requirements for sprinkler installation in wood-frame facilities. Although the states in this region received an extension of the original October 1st deadline for protected wood-frame buildings, such facilities are still required to install complete sprinkler systems. A deadline for sprinkler installation in these facilities will be established shortly, however we do not feel it would be advisable for you to wait until a date is set before notifying the affected providers. I suggest, therefore, that you inform each wood-frame facility of this sprinkler requirement as soon as possible after receipt of this letter. It is recognized that the monetary investment involved will be substantial, in most cases, and facilities should be given such notice to enable them to begin their necessary fiscal planning. We will notify you of the established deadline when such information is received by this office.

Sincerely yours,

WILBURN W. SMITH,
Regional Representative, Bureau of Health Insurance.

STATE OF MONTANA,
OFFICE OF THE GOVERNOR,
Helena, October 8, 1970.

ELLIOTT RICHARDSON,
Secretary, Health, Education, and Welfare, Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: Montana has forty-two hospitals and extended care facilities which would be required to install automatic sprinklers by December 31, 1970, in order to comply with Bureau of Health Insurance directives.

I can fully understand why the Department of Health, Education, and Welfare would want to insist on adequate fire safety measures, and I wholeheartedly support this effort. Patient safety can be better assured, I believe, by alternate measures which would be considerably cheaper. I quote from a re-report by State Fire Marshal Mr. William Penttila:

"1. Medical facilities in our state could not comply within at least a two year period. Sprinkler firms I have contacted tell me this. We are meeting with them on October 15, 1970.

"2. Although the supposed purpose of this regulation is life-safety, our office does not agree. We have lost patients in sprinklered medical facilities in our state when the heat buildup was not sufficient to activate the system. Last year's fatality in the Hardin, Montana hospital was the most recent.

"3. We have had problems with existing sprinkler systems in Montana from freezing because of extended severe cold spells. When this happens, the systems are not put back into service, sometimes for months. Dry systems are slower in operation and we have failures with them as well."

As I see it, automatic sprinkler systems will protect buildings, but only a smoke detector system will protect the lives of people.

We estimate that the cost of installing automatic sprinklers in the 42 facilities would be $600,000. It will definitely increase the cost of medical care, which your administration is attempting to control.

I propose that you permit an alternative solution through authorization of the installation of an approved smoke detection system, with automatic sprinklers to be used only in fire hazardous areas, such as the storage of inflammable supplies. The same health facilities could comply with the alternative proposal at an estimated cost of $250,000.

I would appreciate your favorable and early response to this important matter.

Sincerely,

FORREST H. ANDERSON,
Governor, State of Montana.

STATE OF MONTANA,
OFFICE OF STATE FIRE MARSHAL,
Helena, Mont., October 2, 1970.

Re Federal requirements for sprinklering existing hospitals, nursing homes and residential custodial facilities, except those of fire resistive construction or one-hour protected, noncombustible construction not over one story in height within a few months.

Dr. JOHN S. ANDERSON,
Executive Director,
Board of Health:

It appears from our point of view that some top level action should be taken to forestall enforcement of such a regulation within our state for several reasons.

1. Medical facilities in our state could not comply within at least a two year period. Sprinkler firms I have contacted tell me this. We are meeting with them on October 15, 1970.

2. Although the supposed purpose of this regulation is life-safety, our office does not agree. We have lost patients in sprinklered medical facilities in our state when the heat build-up was not sufficient to activate the system. Last years fatality in the Hardin Hospital was most recent.

3. The federal register proposed to adopt National Fire Protection Life-Safety Code #101. The above reference is taken from this code verbatim except for the word existing.

As an explanation our office adopted the 1967 edition of N.F.P.A. 101 effective January 1, 1968 by authority of Section 82–1202, R.C.M. 1947.

In application of this code our office uses Section 10–212 entitled "Modification of Retroactive Provisions" and does not require sprinklering.

10–2121. The authority having jurisdiction may modify the general rule of 10–2111, above, under two conditions:

a. If the building in question was occupied as a hospital nursing home or residential-custodial care institution prior to adoption or amendment of these requirements.

b. Only those requirements whose application would be clearly impractical in the judgment of the authority having jurisdiction shall be modified.

10–2122—In such cases the requirements may be modified by the authority having jurisdiction to allow alternative arrangements that will secure as nearly equivalent safety to life from fire as practical; but in no case shall the modification be less restrictive or afford less safety than compliance with the corresponding provisions contained in the following part of this Code. Some of the following requirements are the same as for new hospitals and nursing homes. This has been done to facilitate the use of the Code by locating all requirements for existing occupancies in one section.

4. We have had problems with existing sprinkler systems in Montana from freezing because of extended severe cold spells. When this happens the systems are not put back into service sometimes for months. Dry systems are slower in operation and we have failures with them as well.

May we suggest that the Montana Board of Health communicate these thoughts and problems to our Honorable Governor and to our Congregational Delegation with the hope that they can and will let the federal people know our feelings. We would rather enforce sprinklering on the state level as the authority having jurisdiction.

WILLIAM A. PENTTILA,
State Fire Marshal.

AMERICAN NURSING HOME ASSOCIATION,
Washington, D.C., November 3, 1970.

Hon. MICHAEL J. MANSFIELD,
Old Senate Office Building,
Washington, D.C.

Attention: Mr. Dean Hart.

Enclosed you will find the material which I spoke to you about over the phone on Friday, October 30, 1970. Included are:

An ANHA memorandum describing the August meeting between SSA and ANHA representatives.

An ANHA memorandum on a SSA Bureau of Health Insurance letter sent during the second week of October to the SSA's regional offices.

A telegram sent on September 8 to Mr. Morris Levy, Assistant Director of the Bureau of Health Insurance, on the sprinkler problem.

The reply letter of Mr. Levy to the September 8 telegram.

A telegram sent to SSA Commissioner Robert M. Ball on September 30 by ANHA, requesting a delay of the deadline for submitting of comments on proposed regulations.

A letter from the owner of a facility in Ohio describing the effects of the way the entire sprinkler problem has been handled.

I hope this information will be helpful to you in understanding what has taken place. ANHA representatives have met on several occasions with SSA officials and reached apparent understanding of each other's positions only to have that result reversed by a subsequent policy statement by the agency. To our members who are attempting to provide quality patient care, this continual change of policy has distracted a significant amount of their needed energy and attention.

If I may be of further assistance, please let me know.

Sincerely,

JACK A. MACDONALD,
Legislative Research Supervisor.

AMERICAN NURSING HOME ASSOCIATION,
Washington, D.C.

MEMORANDUM

On Friday, August 14, 1970, Jack Pickens, Jim Regan and I met with Mr. Morris Levy, SSA Compliance Branch; Maurice Hartman, Chief, Fiscal and Administrative, SSA; and Paul Reincke, a Fire Marshal, from Baltimore County, who serves as consultant to SSA. We discussed two key points:

(1) Problem caused by SSA letter requiring ECF's of unprotected wood frame construction to install sprinklers by October 1st.

(2) The carpeting issue and proposed regulations about to be published in the *Federal Register.*

Basically, the following points were made:

SPRINKLER ISSUE

(1) In all cases, the number of facilities, as recorded by SSA, were lower than those indicated by ANHA members.

(2) SSA letter intended to cover "wood frame construction" as set out in 220.6 of Code for building construction.

(3) SSA agreed to send out clarifying letter to clearly identify structures intended to be covered.

(4) SSA agreed to be flexible on October 1st deadline.

(5) Deadline for California set for November because of the number of facilities involved.

(6) SSA expressed interest in early smoke detection system, if adopted by Life Safety Code. Code to be issued in October.

(7) SSA moved into this area early because of concern expressed by Senator Moss, and concern expressed by Fountain Subcommittee on question of facilities not in compliance. Levy said the heat was on to prevent another fire—if another fire occurred, Levy said they would be hard put to explain it.

(8) List of several hundred facilities with safety deficiencies had been compiled for Fountain Subcommittee—list will be published in Subcommittee printed hearings.

(9) Regan point that October 1st deadline is unrealistic and should be considered, and that where structural members have been protected, this should be considered as protected facility and sprinkler now required.

CARPETING ISSUE

(1) Levy indicated the interim policy in the form of the state agency letter containing guidelines had been cleared by the SSA General Counsel.

(2) The proposed regulation, soon to be published in the *Federal Register,* is at the Secretary's level. It will probably require the tunnel test or the Chamber test (Chamber test was developed under a Hill-Burton grant). The requirement will cover inpatient areas—thus areas will have to be defined. Also, the proposed regulations will cover both existing and new facilities. SSA would like our recommendations to help make regulation effective and reasonable.

(3) SSA will take a look at the facility in Washington State (state and fac. not identified) to see if anything can be done, if we supply further information on test being used, and whether carpeting was installed after the February letter went out.

(4) More expensive carpeting probably will not meet proposed tests, but less expensive will—reason—backing, fluffy fabrics not fire resistant.

(5) Levy suggested carpeting not be tested now. The thought came out that if carpeting is purchased, facility should obtain an affidavit that carpeting will meet tunnel test or chamber test.

AMERICAN NURSING HOME ASSOCIATION,
Washington, D.C., October 16, 1970.

To: Executive Board, Executive Directors/Secretaries, Legislative Committee, Attorneys, ECF Conference.

From: Norman Burch, director, Federal liaison.

Subject: Advance copy of SSA proposed BHI letter on life safety code and installation of automatic sprinkler equipment and ANHA Day letter to SSA.

We are passing along for your information a copy of an advance BHI Letter, covering SSA requirements for the installation of automatic sprinkler systems. ANHA has been working on this issue for several months in an effort to eliminate as many problems as possible for ANHA members.

We are also enclosing a copy of our Day Letter to Mr. Thomas Tierney of BHI, raising strong objections to the deadlines mentioned on page two of the proposed letter. We are hopeful Mr. Hierney's office will revise the deadline so as to make it uniform in the various regions.

[From Fire Journal, July 1966]

FOR ARCHITECTS AND BUILDERS: MISCONCEPTIONS ON SPRINKLERS AND LIFE SAFETY

The enforcing authority who requests installation of an automatic sprinkler system for life safety from fire frequently encounters objections from the building owner, the architect, or the engineer made on the basis of some very erroneous ideas. Among the more common are objections that when the sprinklers operate 1) there will be excessive water damage, either because of the fire or because of accidental physical damage to the sprinkler; 2) the smoke generated will obscure exits and suffocate everyone; 3) the water discharged will drown everyone; and 4) the steam generated will scald everyone.

WATER DAMAGE

In a fire situation there will be much less water damage in a sprinklered building than in an unsprinklered building because the rate of water application for extinguishment will be 5 to 10 times lower.

Let us consider the possibilities of water damage under fire conditions in sprinklered and unsprinklered buildings. A sprinkler detects an incipient fire and applies an average of about 20 g.p.m. on the fire. Since the system is also equipped with a waterflow alarm, notification that water is flowing is immediately given, so that operation of the system comes under human supervision.

In an unsprinklered building someone must discover the fire and call the fire department. This takes time, and it also takes time for the fire department to reach the property. During this period the fire is growing. Even if the building is equipped with a fire detection system connected to fire headquarters (a superior type of automatic arrangement), there will still be an interval before the fire department reaches the property. When fire fighters attack the fire they will use either a 1½-inch line (100 g.p.m., or 5 times the amount of water per minute from a sprinkler) or a 2½-inch line (250 g.p.m., or 10 times the amount from a sprinkler).

Before they can be listed and labeled by any of the nationally recognized testing laboratories, automatic sprinklers are subjected to some extremely rigorous tests. The mechanical tests for sprinklers include a leakage test (the sprinkler is subjected to 500 p.s.i. for one minute, 875 p.s.i. for one minute, and 300 p.s.i. for 30 days), a water hammer test (a surge from 50 to 500 p.s.i. applied 5,000 times), a heating-cooling test (100 alternate exposure cycles of hot and cold air), a strength-of-frame test, and a vibration test (at the rate of 35 cycles per second and an amplitude of 0.04 inches for 120 hours).

No part of any other water system in a building is subjected to similar tests. Then why worry about leakage from sprinklers when they are the only water-supply devices in the building that have proved reliability?

Insurance companies, which pay the losses on sprinkler leakage, have experienced such a low loss record that the rate on insurance against sprinkler leakage is less than half the fire insurance rate—and the companies expect that only one-quarter of the contents value will be insured against sprinkler leakage. The major cause of sprinkler leakage, incidentally, is freeze-up, which is extremely unlikely in the heated buildings in which sprinklers are installed for life safety from fire.

SMOKE

The amount of smoke generated by a fire depends primarily upon the length of time the fire burns before it is extinguished. Because sprinkler operation is automatic, a fire extinguished by sprinklers will generate less smoke than the same fire in an unsprinklered building, where extinguishment is delayed until hose streams can be placed in operation.

Automatic sprinklers are designed to operate only after a certain temperature has been reached at the sprinkler. This is to avoid sprinkler operation over small fires that can be readily handled by portable fire extinguishers. Between the time a fire starts and the time the sprinklers begin to operate there can be a build-up at the ceiling of the products of combustion, including smoke. When a sprinkler operates, some of the products of combustion will be driven to the floor, some of the water may evaporate on its way to the fire (because of high air temperature); and some of the water will turn to steam when it hits the fire. It is also true that combustion is incomplete during extinguishment—which means some smoke generation. It is not possible to equate these conditions mathematically to life safety, but actual fire experience and fire tests indicate that the conditions do not present a life safety problem.

A portion of the most recent series of fire tests conducted in Los Angeles in a school building [1] was specifically aimed at studying the applicability of automatic sprinklers to the problem of life safety from fires in schools. Thirty test fires simulating typical fires that could occur in a school were conducted in sprinklered rooms. Twenty-six of the test fires were huge enough to operate sprinklers—and in each instance the automatic sprinklers extinguished the fire before development of any untenable heat or smoke conditions in the building's exits or exitways, even though in many of the tests in classrooms transoms were open between the classroom and the corridor.

Moreover, it is unlikely that any physically and mentally capable person would stay in a small room with a fire large enough to operate a sprinkler, since the conditions within the room would certainly be uncomfortable (although not necessarily potentially fatal). If the room were large enough for the occupant to experience no discomfort up to the time of sprinkler operation, no condition created by sprinkler operation would be fatal. This point has been proved by observers in fire tests who stayed in a room until the sprinklers had completely extinguished the fire. There are also supporting case histories of fires.

For example, in a fully occupied hospital nursery defective wiring to an incubator caused ignition of curtains. As flames spread up the curtains, the heat fused a sprinkler. Water from the sprinkler extinguished the fire. When the thoroughly doused infants had been checked and their bedding had been changed, it was determined that none of the babies had suffered in the slightest from the experience.

Another case shows that sprinklers can help to prevent serious injury. In this incident, a guest smoking in bed in his hotel room fell asleep and the cigarette ignited the bedding. Uninjured, the guest was awakened by the cold water discharging from a fused sprinkler. In the words of the fire chief, "This man would have died had it not been for the efficient work done by the automatic sprinkler."

DROWNING

A person standing under an operating sprinkler is in no more danger of drowning than if he were standing out in a heavy rain—and he is in 50 times less danger of drowning than if he were standing under a shower.

At 15 psi a nominal ½-inch sprinkler discharges about 20 gpm. At a distance of 4 feet below the sprinkler, the discharge pattern is about 16 feet in diameter and the average water density per square foot is about 0.10 gpm. This density is the equivalent of about one inch of rain an hour—quite a heavy rainfall, but not at all unusual. A shower head has an average water discharge rate of about 4 gpm. At a distance from the shower head where the spray is one foot in diameter, the density of water discharge per square foot is 5.1 gpm, or about 50 times the density from the sprinkler under the conditions previously cited.

STEAM

The amount of steam generated in putting out a fire will be the same whether the water comes from a sprinkler or from a hose nozzle. However, there will be a smaller amount of steam when sprinklers extinguish a fire than in an unsprinklered building when hose streams are used, because (as was pointed out above, under "Smoke") the fire in an unsprinklered building will be much larger before water is applied. Thus more water will be required for extinguishment, and more steam will be formed.

RICHARD E. STEVENS,
NFPA Assistant Technical Secretary.

AMERICAN NURSING HOME ASSOCIATION,
October 16, 1970.

Mr. THOMAS M. TIERNEY,
Director, Bureau of Health Insurance, Social Security Administration, Baltimore, Md.:

Appreciate very much opportunity to review advance copy of proposed bill re adoption of life safety code—installation of automatic sprinkler equipment. While proposed letter represents effort to explain requirements for sprinkler systems in certain facilities, American Nursing Home Association must object strongly in behalf of its members, to the discriminatory treatment and requirements for the different regions. Respectfully urge that before BHI letter is distributed, the deadline for firm contracts—January 31, 1971—be made uniform for all regions. ANHA especially concerned about language contained on page 2 suggesting possible termination of certain facilities. Extremely unfair to set different deadlines, since all local areas have difficult problems in complying with new requirements on such short notice. Appreciate continuous cooperation and urge your favorable consideration of this request.

Respectfully,

C. ROBERT HARBERSON,
Executive Vice President.

SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md.

Subject: Adoption of Life Safety Code—Installation of Automatic Sprinkler Equipment.

This BHIL provides additional information on the requirement of automatic spinkler equipment and definitions and other information to assist you in dealing with providers of services who may be required to install sprinkler equipment.

During the last several months, we have consulted with a number of fire safety experts who inform us that it is potentially very dangerous if persons who are not ambulatory are housed in a wood-frame constructed health facility that is not protected by an automatic sprinkler system. These experts include top-level officials of the National Fire Protection Association and the North American Fire Marshals Association. Additionally, section 1863 of the Social Security Act requires the Secretary to impose, as a requirement for provider participation in Medicare, higher standards required by States as a condition to the purchase of services under the Medicaid program. Effective January 1, 1970, the Medicaid program adopted the provisions of the Life Safety Code, the standards of the National Fire Protection Association (recognized experts in the fire prevention field), and the standards became applicable to Medicare extended care facilities on the same date. The Life Safety Code requires automatic sprinkler equipment in all extended care facilities and hospitals of wood-frame construction. On September 2, 1970, we published our proposed revised extended care facility and hospital regulations in the *Federal Register*. The revisions include the adoption of the Life Safety Code in the Medicare Conditions of Participation for Extended Care Facilities and Nonaccredited Hospitals.

TIMETABLE FOR INSTALLATION OF AUTOMATIC SPRINKLER EQUIPMENT

Originally, BHI established October 1 as the deadline for installation of sprinkler equipment in all wood-frame (protected and

[1] Operation School Burning No. 2, published by the National Fire Protection Association. 352 pages. Price $5.75.

unprotected) extended care facilities and nonaccredited hospitals. However, the October 1 deadline was temporarily waived for *protected* wood-frame constructed facilities in regions VI through X (Kansas City, Dallas, Denver, San Francisco, and Seattle) because of the large number of wood-frame providers in these regions and the problems encountered in arranging for sprinkler installation. We have now set January 31, 1971, as the deadline for these facilities to have a firm contract for the installation of sprinkler equipment, with the system installed shortly thereafter. All other extended care facilities and nonaccredited hospitals (i.e., unprotected wood-frame providers in all regions and protected wood-frame providers in regions I–V) should have had the equipment installed or in process of installation by October 1. If these facilities have not complied, termination may be in order.

Following is a summary of the most commonly asked questions about the Life Safety Code and the sprinkler requirement.

1. What, specifically, is the Life Safety Code?

The Life Safety Code is a publication of the National Fire Protection Association which was organized in 1896 to promote the science and improve the methods of fire protection. The Code is revised and updated approximately every 3 years. The most recent edition of the Code is dated 1967. Its purpose is to specify measures which will provide the degree of public safety from fire which can reasonably be required. It covers construction, protection, and occupancy features to minimize danger to life from fire, smoke fumes, or panic. It also lists specific standards of fire resistive construction. The requirements for hospitals and nursing homes are included in the institutional occupancy chapter of the Code.

2. Please enumerate the construction types as defined in section 220 of the Life Safety Code.

Because of the technical nature of this information, we are enclosing it as an attachment for your information.

3. Which of the construction types enumerated in the Code are required to be sprinklered?

Section 10–2341 of the Life Safety Code provides automatic sprinkler protection shall be provided throughout all hospitals, nursing homes, and residential-custodial care facilities except those of fire-resistive construction or 1-hour protected noncombustible construction not over one story in height. Therefore, wood-frame constructed facilities must be sprinklered.

4. What guidelines as to sprinklering should be used when two or more types of construction, one type of which requires an automatic sprinklering system, occur in the same building and are not separated by a fire wall (as defined in section 10–1131 of the Life Safety Code)?

The entire building is subject to the restrictions of the least fire-resistive construction type and would need to be sprinklered. Since all types of construction not specifically excluded by the Life Safety Code must eventually be sprinklered, some facilities may wish to consider the feasibility of sprinklering the entire building rather than building the fire walls.

5. What action is to be taken if a certified extended care facility that requires the installation of a sprinkler system to meet Medicare requirements is attached to an unsprinklered JCAH accredited hospital?

The extended care facility and the hospital would need to be separated by a fire wall as defined in section 10–1131 of the Life Safety Code. However, the significant point here is that the Joint Commission on the Accreditation of Hospitals is including in its latest standards the necessity for compliance with the Life Safety Code. We have been informed by the JCAH that this requirement, which will be effectuated in early 1971, will be enforced along with all other JCAH requirements. Therefore, if any extended care facility that requires the installation of a sprinkler system to meet Medicare requirements is attached to a JCAH accredited hospital that requires sprinklers, they should be reminded that by our requirements now and those of JCAH, which will be effective in a few months, the entire facility must install an automatic sprinkler system.

6. Are heat and smoke detection devices acceptable in lieu of sprinklers in a wood-frame building?

No, the Life Safety Code does not recognize heat and smoke devices as an alternative to sprinkler installation in a wood-frame building.

7. Is an allegation of low water pressure or extreme cold an acceptable justification for not installing an automatic sprinkler system?

No, we have learned that sprinkler companies have designed special systems, and techniques to deal with low water pressure and that a properly housed reservoir or vault will not freeze.

8. The number of sprinkler installation companies in our State is limited. These few companies have a heavy workload as a result of the Medicare sprinklering directive. Should we terminate health facilities that have valid contracts with the sprinkler companies to install an automatic sprinkler system but will be unable to have the job completed by the Medicare deadlines?

No, we recognize this may be a problem and as long as a valid contract to install sprinklers exists, a termination would be inappropriate.

9. Who is responsible for the identification of wood-frame providers in the State?

BHI has no accurate data on facilities of wood-frame construction. The responsibility for identifying wood-frame nonaccredited hospitals and extended care facilities rests with the State health departments, and it is they who have to furnish us with the names and addresses of all such facilities so identified so that appropriate action can be taken.

10. What action should the State agency take if they have policy questions with respect to specific wood-frame providers which they are unable to resolve?

The State agencies should clearly identify the problem in such cases and forward them to the health insurance regional office as quickly as possible.

11. Some States have been slow in providing the health insurance regional offices with status reports on the efforts of identified wood-frame providers to install sprinklers. How critical is it that such status reports be furnished?

Very critical. There is a great deal of congressional interest and involvement regarding the issue of fire safety in health facilities, and it is mandatory that we stay on top of the situation and that our target dates are met.

12. Thus far, Social Security has only directed that wood-frame constructed facilities be sprinklered. Does this mean that other types of construction which the Life Safety Code requires be sprinklered will not be asked to do so by SSA?

No, we intend to follow the Life Safety Code's requirements regarding construction types which require sprinklers. We will eventually request that all types of construction not specifically excluded by the Life Safety Code definition be sprinklered. We began with wood-frame facilities because fire safety experts advised us that this type of construction, if unsprinklered, presents the most potentially dangerous situation.

13. Will access hospitals be subject to the requirements of the Life Safety Code?

Yes, we do not believe that health facilities should be excluded from our safety requirements because of their size or location.

14. The Life Safety Code has numerous other fire safety requirements in addition to sprinklering. How quickly are State agencies expected to enforce these requirements?

We realize that health facilities will need a reasonable period of time to be in substantial compliance with the requirements of the Life Safety Code. While we cannot permit any potentially dangerous fire-safety hazards to exist in these facilities, we expect to move at an enforcement pace that all providers will be able to meet.

15. Is it true that sprinkler systems themselves are potentially dangerous to patient safety?

Following is an article written in the July 1966 issue of *Fire Journal* by Mr. Richard E. Stevens who is currently the Chief Engineer of the National Fire Protection Association and Secretary to the Life Safety Code's Committee to Safety to Life, which we believe responds most adequately to this question.

THOMAS M. TIERNEY,
Director, Bureau of Health Insurance.

STANDARD TYPES OF BUILDING CONSTRUCTION AS DEFINED IN SECTION 220 OF THE LIFE SAFETY CODE

NONCOMBUSTIBLE CONSTRUCTION

Definition: That type of construction in which the walls, partitions, and structural members are of noncombustible construction not qualifying as Fire Resistive Construction.

FIRE-RESISTIVE CONSTRUCTION

Definition: That type of construction in which the structural members including walls, partitions, columns, floor and roof constructions are of noncombustible materials with fire resistance ratings not less than those specified in the following table.

The two classifications are identified by the required fire resistance of floors as a matter of convenience.

Fire resistance rating of structural members in hours	Classification	
	3 hour	2 hour
Bearing walls or bearing portions of walls, exterior or interior. Bearing walls and bearing partitions must have adequate stability under fire conditions in addition to the specified fire resistance rating	4	3
Nonbearing walls or portions of walls, exterior or interior. No noncombustible. Fire resistance may be required in such walls by conditions such as fire exposure, location with respect to lot lines, occupancy or other pertinent conditions	NC	NC
Principal supporting members including columns, trusses, girders, and beams for one floor or roof only	3	2
Principal supporting members including columns, trusses, girders, and beams for more than 1 floor or roof	4	3
Secondary floor construction members, such as the beams, slabs, and joists not affecting the stability of the building	3	2
Secondary roof construction members, such as beams, purlins, and slabs not affecting the stability of the building	2	1½
Interior partitions enclosing stairways and other openings through floors. 1-hour noncombustible partitions may be permitted under certain conditions	2	2

Protected Noncombustible Construction. Noncombustible Construction may be designated Protected Noncombustible Construction when bearing walls or bearing portions of walls, exterior or interior, are of noncombustible construction having a minimum fire resistance rating of 2 hours and, are stable under fire conditions; roof and floor construction and their supports have 1-hour fire resistance; and stairways and other openings through floor are enclosed with partitions having 1-hour fire resistance.

ORDINARY CONSTRUCTION

Definition: That type of construction in which exterior bearing walls or bearing portions of exterior walls are of noncombustible construction having a minimum fire resistance of 2 hours and stability under fire con-

ditions; nonbearing exterior walls are of noncombustible construction; and in which the roofs, floors, and interior framing are wholly or partly of wood (or other combustible material) of smaller dimensions than required for Heavy Timber Construction. Fire resistance may be required for nonbearing exterior walls, and fire resistance additional to that specified may be required for bearing walls or bearing portions of walls, by conditions such as occupancy, location with respect to lot lines, fire exposure, and other pertinent conditions.

Protected Ordinary Construction. Definition: Ordinary Construction may be designated Protected Ordinary Construction when roof and floor construction and their supports have 1-hour fire resistance, and stairways and other openings through floors are enclosed with partitions having 1-hour fire resistance.

WOOD FRAME CONSTRUCTION

Definition: That type of construction in which exterior walls, bearing walls and partitions, floor and roof constructions and their supports are of wood or other combustible material, when the construction does not qualify as Heavy Timber Construction or Ordinary Construction.

Protected Wood Frame Construction. Definition: Wood Frame Construction may be designated Protected Wood Frame Construction when roof and floor construction and their supports have 1-hour fire resistance, and stairways and other openings through floors are enclosed with partitions having 1-hour fire resistance.

SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md.

ANHA members continue to express concern re sprinkler system installation. Problem discussed with you in August meeting by ANHA representatives. At meeting you indicated 1—letter clarifying structures to be covered would be sent out by SSA: 2—smoke detection system would be considered in lieu of sprinkler system in light of such provision being included in life safety code to be published in October: 3—consideration would be given to interpretation that facilities with protected structural members would be deemed protected facilities for purposes of life safety code. Respectfully request comments and information on these points as ANHA representatives understood them following meeting with you.

In view of urgency appreciate early response and your cooperation on this important problem.

FRANK RINEHART.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
Baltimore, Md., September 15, 1970.

Mr. FRANK RINEHART,
Deputy Director, American Nursing Home Association, Washington, D.C.

DEAR MR. RINEHART: This is to confirm the information Mr. Maurice Hartman of my staff gave to Mr. Norman D. Burch on the telephone in response to your telegram of September 9. You have raised questions on: whether clarifying instructions have been sent to the field on which facilities would be required to install automatic sprinkler equipment; whether a smoke detection system could be substituted for a sprinkler system if such a provision was incorporated in the Life Safety Code; and, if protected wood-frame constructed facilities could be exempt from the provision of the Life Safety Code which requires automatic sprinkler equipment.

Subsequent to our August meeting with Mr. Burch, we reviewed the instructions we had sent to the field and felt that our communications were specific. Essentially, we have told the Bureau of Health Insurance regional offices (who have informed the State agencies) that all wood-frame extended care facilities must have automatic sprinkler equipment (regardless of whether they are protected or unprotected wood-frame buildings). The deadline for the installation of sprinklers for all unprotected wood-frame extended care facilities is October 1, 1970. And in our Boston, New York, Philadelphia, and Atlanta Regions, the same deadline applies to protected facilities. Because of the relatively large numbers of protected wood-frame facilities in some of the western States, we have not yet set a deadline for the installation of sprinkler equipment, although we expect to do so shortly. Where efforts are underway to comply with this requirement, our regional offices have been instructed to provide some additional time for actual installation.

The Life Safety Code requires automatic sprinklers in all health facilities which are not classified as being constructed of fire-resistive materials or 1-hour protected noncombustible materials. We have no indication that this requirement will be changed in the new addition of the Life Safety Code. Nor any smoke or heat detector devices be substituted for automatic sprinkler equipment.

Please let me know if there is any additional information I can give you. As we move ahead, we would very much like to have your ideas on how to best implement the provisions of the Life Safety Code.

Sincerely yours,

MORRIS B. LEVY,
Assistant Bureau Director, Division of State Operations, BHI.

SOCIAL SECURITY ADMINISTRATION.

Re comments due October 2, 1970 on proposed regulations on fire safety and carpeting tests requirements. Respectfully urge a sixty day extension for comments to be filed in view of meetings of National Fire Protection Association held just yesterday and further meetings to be held in November and December all of which will have issues pertinent to pending proposed regulations. Respectfully urge delay until SSA and interested parties have benefits of decisions reached at NFPA meetings. Would appreciate reply by wire prior to October 2 deadline.

C. ROBERT HARBERSON.

MANN NURSING HOME, INC.,
Westerville, Ohio, June 19, 1970.

AMERICAN NURSING HOME ASSOCIATION,
Washington, D.C.:

To say that I am at my wits end is putting it mildly. I have been in the Nursing Home business some twenty-three years and I have put all of my life's hopes and work into helping make life better for our older population. This has not been done with a solely monetary gain in mind. It has been done also because of my genuine feelings toward these older people and also because of a terrific need for someone to help them and their families.

For the wonderful care given, my home has grown to a total capacity of 56 patients but for several reasons we have cut back to 50 patients. Our home has mainly grown to this point by referrals from relatives and friends of former patients. As you know, this is the best kind of advertising.

I have always done everything the State of Ohio inspectors have told me to do besides much more and the state inspectors tell me repeatedly they wish everybody cooperated as well.

I have a one-floor plan home which I have added to, making lovely rooms with adjoining bathrooms. There is also an Executone signal system in each room and bath. Last year in order to bring things up to where I felt they should be, I added a lovely therapy room, dietician office and enlarged the kitchen. We also changed a 4-bed ward into a beautiful dining room. With this remodeling and addition of new rooms the cost was over $50,000.

We have fire-proofed according to state rules and regulations. A few yeras ago we installed a fire alarm system which is connected directly to our local Fire Department and this was one of the first to be installed in the State of Ohio. Our employees are continually trained with regard to fire safety and fire rescue operations.

In 1969, I was told that I should install sprinklers in both fire-proof boiler rooms and to put self closures on all the fire doors—which I did.

It seems each time an inspector comes the pressure seems to be for forms, forms and more written matter. Patient care does not seem to enter into the picture at all. We feel that good patient care is far more important.

A short time ago I received a letter from the State Health Department stating I would have to install sprinklers in both of my connecting buildings which will cost over $18,000. I went to the state office yesterday to tell them that this indeed would be a terrible hardship and was told that wasn't all I would have to do. They then handed me a six page letter telling of more things that have been added to the list of requirements.

Believe me this was a terrible blow. I have always tried to keep up with or ahead of any and all requirements but this is utterly ridiculous. This is forcing me to bankruptcy.

I think this is most unfair. I know there are new homes that are quite plush but they do not begin to have as good a reputation as we do. This is something I have given my life to and I surely feel you can help me—if you will.

As of May, 1969, we have been classed as a Skilled Nursing Home and want desperately to stay on the Medicare program and also give our patients the very best of care.

We would surely like to have you come visit our Nursing Home anytime you can so you can see for yourself that I am telling things as they are.

Sincerely,

VENUS MANN DOYLE,
Administrator, Mann Nursing Home, Inc.

AMERICAN NURSING HOME ASSOCIATION,
Washington, D.C., September 30, 1970.

Hon. ROBERT M. BALL,
Commissioner, Social Security Administration, Department of Health, Education, and Welfare, Washington, D.C.

DEAR COMMISSIONER BALL: In accordance with the Notice of Proposed Rule Making set forth in the *Federal Register* (September 2, 1970) and the authorization of an extension (October 2, 1970) of the period for submission of comments, the American Nursing Home Association would like to submit the following recommendations for consideration before final regulations are adopted by the Social Security Administration. The specific proposed rules which we refer to are those that would amend Sections of the Conditions of Participation (Sections 405.1022 and 405.1134) to require extended care facilities and certain hospitals to meet new fire and safety regulations.

In regard to the basis of our request on September 30 for an extension of the period for comments, the National Fire Protection Association (NFPA) Life Safety Committee acted on the sprinkler issue and the 1970 recommendations of its Sectional Committee on Constitutional Occupancies. It recommended to the NFPA Board of Directors that the proposed Toronto floor amendment, requiring installation of both automatic sprinkler systems and automatic fire warning systems in all hospitals and nursing homes, be rejected. In lieu of that amendment, the Sectional Committee was directed to make a study of alternative

methods for possible inclusion in the 1973 Life Safety Code. The NFPA Board of Directors will be meeting December 8, 1970, to consider the Safety to Life Committee's recommendations.

The American Nursing Home Association, on behalf of its members who provide extended care services under the Medicare Program, would like to emphasize one point: we are interested in a building's fire safety, but it is our feeling that the fire safety of our patients must be the foremost concern. It is our opinion that not all of the proposed regulations meet that criteria as presently stated in the September 2nd *Federal Register*. We, therefore, submit the following comments and amendments for your favorable consideration.

In the way of general comments, the American Nursing Home Association disagrees with the concept of indiscriminate inclusion of the Life Safety Code in the proposed regulations. We do so on the following basis:

The National Fire Protection Association itself considers its Codes as being purely advisory. They state specifically that the Codes are "intended as a guide to be applied with judgment rather than as arbitrary rules" (NFPA, *National Fire Codes*, Vol. 1, 1970–71, p. iii).

The Life Safety Code is also contradictory as to its safety benefits in several years. The primary inconsistency occurs as to the safety value of the Code's sprinkler requirement (Section 10–234). In volume 6 [13E–17(4) and 18(6)] of the 1970–71 National Fire Code, firemen are warned to use self-contained breathing apparatus for protection against the suffocating atmosphere of steam, smoke and heat produced by the sprinklers. It states further that "sometimes the sprinkler discharge may be driving the heat, steam and smoke toward the floor, making it impossible to enter the immediate area for final extinguishment or overhauling." This result would be disastrous to the patients in any facility, especially for any non-ambulatory patients, who have no self-contained breathing apparatus and whose lives therefore depend on someone's reaching them.

We strongly recommend that alternatives to sprinklers be accepted which will protect the lives of patients rather than securing a building. As mentioned earlier, the recommendation of the Life Safety Committee at Nashville recognizes this need for alternatives.

The American Nursing Home Association is of the opinion that it would not be in the best interest of patient safety for the Life Safety Code to be accepted *in toto*.

In regard to the specific proposed regulations, we suggest the following points be favorably considered:

Comparison of Section 405.1022 and Section 405.1134: We respectfully suggest that there is no justification to require lower standards for hospitals than those standards proposed for extended care facilities. In an examination of Sections 405.1022 and 405.1134, we find several requirements under 405.1134 which appear to be superior to 405.1022. We cite, for example, the rigid requirements contained in Section 405.1134(a)(6), "corridor handrails"; 405.1134(a)(7), "prohibition of housing of handicapped persons above the street floor"; 405.1134(a)(9), "building is maintained in good repair . . ."; 405.1134(a)(11), "handling and storage of oxygen"; and 405.1134(a)(11)(i), "shockproof and sparkproof equipment." We find no comparable requirements under Section 405.1022 which govern hospital standards.

Standard: Safety of Patients (Section 405, 1134[a]): We recommend this section be amended after the phrase "from time to time" to include "except for existing facilities, and all facilities satisfy . . ." It is our objective to make it clear that new major structural requirements not be applicable to existing facilities. This objective is in conformity with provisions set forth by the NFPA Committee on Laws and Ordinances in its statement on "Provisions of Retroactivity and Variances" (*National Fire Codes*, Vol. 8, 1970–71, 2M–12). The Life Safety Code itself provides explicitly for existing facilities to be excluded from subsequent amendments to the Code in Section 10–2121(a).

The basis for this concern occurs as a result of several existing State fire codes which have different major structural requirements that are in conflict with the Life Safety Code. One example is in regard to the widths of corridors in existing facilities, the Life Safety Code requires 48 inches, while all facilities built under the State of Missouri's fire code have 45 inch corridors. There are numerous other such conflicts which need to be dealt with individually.

"Steiner Tunnel Test" and "UL Chamber Test" (405.1134[3]): The American Nursing Home Association accepts the Steiner Tunnel Test or the UL Chamber Test for newly installed carpeting in ECF's. However, we strongly urge the proposed regulation be amended to make clear that such testing and the cost of such testing be made at the expense of the carpeting manufacturer and that proper documentation be provided in advance before installation of such carpeting.

We recommend further, in connection with this requirement and in keeping with the NFPA Committee recommendation cited earlier, that the new test only apply to newly installed carpeting. Existing carpeting should be exempt. This approach would enable facilities to phase-in new carpeting that will meet the new requirements and thus come into compliance within a reasonable period of time.

Carpeting Installed in Other Than Inpatient Areas (405.1134[4]): This section would permit carpeting installed in areas other than inpatient areas to meet the so-called "pill test," promulgated under the Flammable Fabrics Act, provided such areas are separated from inpatient care areas by fire resistive construction or suitable smokestop partitions; otherwise, carpeting in these areas is to meet the tests cited above. While this section may be of benefit to a few facilities, we feel it would be of little value to ECF's or their patients, since most of them would not be equipped with "suitable smokestop" partitions.

Housing of Physically Handicapped Persons Above Street Level [1134(a)(1)]: This Association views with some concern the requirement contained in this section to prohibit the housing of "blind and non-ambulatory or physically handicapped persons" above the street level, "unless the facility is of 2-hour fire resistive construction." This proposal will have, if adopted, a severely adverse impact on many extended care providers who have facilities with more than one floor level. Moreover, many of these providers will not be able to bring their facilities into compliance with he proposed rule. While we have not received complete information from our member state associations, we have been advised that a number of our members will be forced out of the Medicare Program and out of business altogether because they will be unable to meet this requirement.

One ANHA Member, in answer to a request for information on this issue, indicated the following: "There are presently eight-five converted facilities with approximately 1,300 beds on the second floor, all of which would be affected by the proposed regulations . . . Approximately one-third of these patients are bed-to-chair and the balance are ambulatory with some type of assistive device or are blind but ambulatory. In essence, the government is putting eighty-five facilities . . . out of business."

While this is only one comment, it reflects general comments expressing grave concern for this proposed rule.

We recommend as an alternative that a fire detection system connected to a local fire station be utilized in order to permit the housing of physically handicapped persons above the street level floor. While this will continue to present a heavy burden on ECF members, it may eliminate the serious problem of numerous ECF's discontinuing services under the Medicare Program or going out of business altogether.

Shockproof and Sparkproof Equipment [405.1134(a)(11)(i)]: We feel this requirement is acceptable for oxygen storage areas and oxygen administering equipment. In an area where oxygen is being administered, we suggest provision for normal precautions to be followed, such as prohibition of smoking, lighting matches, use of flammable liquid and use of oils.

CONCLUSION

The American Nursing Home Association respectfully urges the Social Security Administration to give favorable consideration to the preceding comments and recommendations. We would like to reiterate that the National Fire Protection Association is still developing and studying the results of many fire safety systems and that its Board of Directors will be meeting December 8, 1970, on this very question. It is our opinion that until agreement is reached on the best methods of fire safety and their effects on patients are fully known, issues such as the sprinkler requirement must be delayed.

We would like to reemphasize our deep concern for the fire safety of the patients in our ECF facilities. Because of that concern and the tremendous financial burden on our ECF members, we cannot accept any system for which there remains a great deal of disagreement as to its life safety value.

Your favorable consideration of these recommendations would be very much appreciated by the members of this Association.

Sincerely yours,

C. ROBERT HARBERSON,
Executive Vice President.

[From the Choteau Acantha, Choteau, Mont.]

HOSPITAL SPRINKLING SYSTEM ORDER COULD CAUSE SERIOUS PROBLEMS

(By Mrs. Robert Nauck)

The once busy little town of Choteau, Montana and business hub of Teton County has become a ghost town.

The population has dropped from around 1,500 to 600 people. The hospital, nursing home, drug store, doctor's clinic, clothing stores and a number of other businesses have closed their doors. All that is left of this once proud little town is a grocery store, a few bars and filling stations.

The above paragraphs could well be an article in a Great Falls, Missoula or out-of-state paper a few years from now.

Why did Choteau become a ghost town? The people did not care or take time to find out what was going on in their community or how they could help solve the problems. When people get so absorbed in their own little problems and take for granted that just because a business has been open for 20 years, that it will always be there when they want it, they had better think again. You the people of Choteau—wake up, get your heads out of the sand—take a look around and see what you can do about the problems.

The people of Choteau and Teton County have a problem—our hospital. If nothing is done to help the hospital it will close its doors and the town of Choteau will go with it.

What are the problems at Teton Memorial Hospital? In order to stay under Medicare some remodeling and a number of repairs must be done. Things like fire exits, fire-

proof ceiling tile, a standby boiler and the fire sprinkler system to name a few. And there are no funds to do all these things.

Why stay under Medicare? Because 60 per cent of the people that are patients in Teton Memorial Hospital are under Medicare. The hospital cannot run financially on the remaining 40 per cent nor can the doctors make a living.

The immediate problem is to get an extension on the deadline date by which the sprinkler system has to be installed. The date is January 31, 1971. Our hope is to get the sprinkler system mandate investigated and eventually rescinded. The mandate came from the office of Commissioner Robert Ball, Department of Health, Education and Welfare in Washington, D.C.

DISPOSITION OF GEOTHERMAL STEAM AND ASSOCIATED GEOTHERMAL RESOURCES

Mr. BIBLE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 368.

The PRESIDING OFFICER (Mr. BAYH) laid before the Senate the amendments of the House of Representatives to the bill (S. 368) to authorize the Secretary of the Interior to make disposition of geothermal steam and associated geothermal resources, and for other purposes, which were, on page 3, lines 20 and 21, strike out "September 7, 1965," and insert "April 4, 1962.". On page 4, lines 11 and 12, strike out "September 7, 1965," and insert "April 4, 1962,". On page 4, strike out lines 17 through 23, inclusive, and insert:

(d) no person shall be permitted to convert mineral leases, permits, applications therefor, or mining claims for more than four geothermal leases; and

On page 5, after line 10, insert:

(f) with respect to lands within any known geothermal resources area and which are subject to a right to conversion to a geothermal lease, such lands shall be leased by competitive bidding: Provided, That, the competitive geothermal lease shall be issued to the person owning the right to conversion to a geothermal lease if he makes payment of an amount equal to the highest bona fide bid for the competitive geothermal lease, plus the rental for the first year, within ten days after he receives written notice from the Secretary of the amount of the highest bid.

On page 5, strike out lines 12 through 16, inclusive, and insert:

(a) a royalty of not less than 10 per centum of the amount or value of steam, or any other form of heat or energy derived from production under the lease and sold or utilized by the lessee;

On page 13, line 1, after "byproducts," insert "including commercially demineralized water for beneficial uses in accordance with applicable State water laws,".

On page 19, line 25, after "21." insert "(a)".

On page 20, line 7, strike out "area." and insert "area; and".

(b) Geothermal resources in lands the surface of which has passed from Federal ownership but in which the minerals have been reserved to the United States shall not be developed or produced except under geothermal leases made pursuant to this Act. If the Secretary of the Interior finds that such development is imminent, or that production from a well heretofore drilled on such lands is imminent, he shall so report to the Attorney General, and the Attorney General is authorized and directed to institute an appropriate proceeding in the United States district court of the district in which such lands are located, to quiet the title of the United States in such resources, and if the court determines that the reservation of minerals to the United States in the lands involved included the geothermal resources, to enjoin their production otherwise than under the terms of this Act: *Provided*, That upon an authoritative judicial determination that Federal mineral reservation does not include geothermal steam and associated geothermal resources the duties of the Secretary of the Interior to report and of the Attorney General to institute proceedings, as hereinbefore set forth, shall cease.

Mr. BIBLE. Mr. President, this is the geothermal steam bill on which many of us have worked for many years. The Senate has passed this bill. The House sent it back with certain amendments. I have conferred with the chairman of the full Committee on Interior and Insular Affairs on this side, the ranking minority member of that committee—who is present in the Chamber at this time—the distinguished Senator from Colorado (Mr. ALLOTT); I have conferred with our counterparts on the House Interior Committee as to amendments which I am about to offer to this legislation, and I have been given reasonable assurance that if this measure is amended, as I shall indicate, and my motions are concurred in by the Senate and the bill returned to the House of Representatives, the House will accept the suggested amendments. Obviously this procedure will avoid the need for a conference, and would move the geothermal steam bill forward so that it can be sent to the White House for what we hope will be final approval.

At this point, before I make my motions, Mr. President, I yield to the distinguished senior Senator from Colorado, who has had a longtime interest and has been extremely helpful in this area.

Mr. ALLOTT. Mr. President, I simply wish to say that this is one of those areas that the general public knows very little about, and certainly the Senate as a whole knows very little about.

The Senator from Nevada recognized the importance of this matter many years ago, and most of the times when he has introduced this measure, I have been happy to be a cosponsor with him.

Few people realize the significance that this can have to some of our thermal problems in this country. If we are able to develop our geothermal steam areas, we will simply have none of the pollution which arises from the use of steam or hot water, as the case may be, and the potentialities of it, while the benefits will not extend over the entire country because not all areas of the country have these geothermal areas, the potentialities and the economic impact can be tremendous.

We have worked out what we think is a reasonable bill. I voted for the bill as passed by the Senate. I voted for it in committee. Now the exigencies of the situation seem to demand, with the viewpoint of the House of Representatives and the viewpoint downtown, that certain modifications should be made.

Frankly, I believe that the basic objections voiced against the bill have been met by the amendments to which the distinguished Senator from Nevada has referred. I wish to say that those amendments are perfectly acceptable to me, and I will do my best to get the bill adopted as he suggests.

Mr. BIBLE. I certainly appreciate the close cooperation and the great spirit of helpfulness in this area expressed by the Senator from Colorado. This is a great resource. It is a potentially vast source of energy for the nearly pollution-free generation of electric power.

Mr. President, I make the following motion:

First, that the Senate concur in the amendments Nos. 7, 8, 9, and 10 of the House to the bill (S. 368) to authorize the Secretary of the Interior to make disposition of geothermal steam and associated geothermal resources, and for other purposes;

Second, that the Senate concur in the amendment No. 4 of the House to such bill with the following amendment: Strike out "four geothermal leases" and insert in lieu thereof "10,240 acres";

Third, that the Senate concur in the amendment No. 5 of the House to such bill with the following amendment: Strike out "ten days" and insert in lieu thereof "thirty days"; and

Fourth, that the Senate disagree with the amendments Nos. 1, 2, 3, and 6 of the House to such bill.

Mr. President, I move the adoption of the amendments as I have stated them to the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

Mr. BIBLE. Mr. President, the Senate has again today acted favorably on my bill (S. 368) to authorize the opening of the public lands for the development of geothermal steampower and associated geothermal resources. My expectation is that the House will act shortly to complete congressional action and place the President in a position to approve the legislation.

As I stated a moment ago, geothermal power is a resource of vast potential benefit to the Nation. The word seems to be getting through, for more and more writers are bringing the subject to the attention of the Nation.

The December 5, 1970, issue of the Saturday Review contains an excellent piece, prepared by Mr. John Lear, entitled "Clean Power From Inside the Earth." It is a very informative article. I commend it to my colleagues, and ask unanimous consent that the text of the article be printed in full in the RECORD.

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

ENVIRONMENT AND THE QUALITY OF LIFE

CERRO PRIETO, MEXICO.—I could see the pillar of water boiling into the sky while our party was still miles away from the spout in the earth from which it spurted.

I could hear the pillar's awesome roaring long before I came to stand beside it and

learn that it was moving at the speed of sound.

I felt no trace of dampness in the dry, desert air as I stood there. Though only 20 per cent of the pillar was steam, all but the steam evaporated within 100 feet of the ground—so enormous were the heat and pressure driving the water from below.

What was the source of this fabulous energy?

The spout of it was on the edge of a field of fourteen other blowholes from which trapped steam billowed gently eight miles west of the dormant volcano known hereabouts as "the black hill." The water and the steam together were escaping from a vast underground sponge of porous rock, saturated with brine that had seeped down through the desert bed of the Colorado River. Trapped within the sponge, the water reached boiling temperature by conduction from the solid rock below it. Under that solid rock lay congealing magma, pushed up from Earth's molten interior by an overturning of the floor of the Pacific Ocean.

In the past fifteen years, geophysicists have come to recognize that this overturning occurs on all the ocean floors and is usually marked by flow of lava through the crests of mid-ocean mountain ridges. The Pacific differs somewhat from the other oceans; instead of a mountain chain it has on its bottom a domed blister that has pushed its way under the North American continent perhaps as far east as the Mississippi River. During the last million or so years, the pressure of this intruding dome has been slowly tearing from the continent the Baja California peninsula of Mexico and the segment of California lying south and west of the San Andreas Fault, a great rift in the planet's surface. As this movement proceeds, the Gulf of California gradually widens. Although the heat thus released is evidenced by hot springs all over the American West, the escaping energy asserts itself especially in the Salton trough, a twenty- to ninety-mile-broad geological feature that extends for 150 miles from the shores of the Gulf to the San Gorgonia Pass in the Santa Rose Mountains of Southern California.

Photographs taken from Gemini and Apollo spacecraft suggest that at the Mexican border the Salton trough is at least forty miles and maybe sixty miles wide. Gravity anomaly studies indicate that from the border southward the trough is underlaid by sedimentary (spongy) rocks to a depth of 20,000 feet. Geologists have estimated that such an extensive sponge should hold boiling water enough to cover somewhere between three billion and ten billion acres of land to a depth of one foot. Cerro Prieto, "the black hill," is a characteristic symbol of this buried power, and here the Toshiba Company of Japan is installing for the Mexicans a set of specially designed turbines to turn the escaping steam into electric power by the beginning of summer 1972.

The Geothermal Energy Commission, an agency of Mexico's Federal Electricity Commission, has been exploring the potential of underground steam in the Mexicali Valley for the last decade. Up to now, wells have been drilled on less than 1 per cent of the two to four million acres that lie above the subterranean reservoir. The power plant at present under construction has a capacity of 75,000 kilowatts. Plans for quadrupling this output are on the drawing boards. If predictions of qualified experts prove reliable, steam drawn from beneath the valley ultimately may power the equivalent of the metropolis of Los Angeles.

At the moment the Mexicans are concerned only with the steam. But the wells at Cerro Prieto are regularly spaced within a maze of earthen embankments wide enough to carry single-lane motor traffic. Alongside these elevated roadways are ditches running with water, smoking hot. The rectangular basins formed by intersections of the embankments are crusted pebbly white with salts deposited as the escaping water evaporates. These salts and the power together could supply electro chemical plants capable of employing as many as 50,000 primary workers. The usual formulas for servicing such industrial complexes call for five to ten secondary workers in support of each primary job.

It was this dream of a truly golden west for Mexico, about 1,500 air miles away from the national capital and linked economically to the rest of the country by only a railroad line across the Sonora Desert, that brought me here as one of a chartered planeload of guests of the Regents of the University of California. Drinking water is imported in bottles from California to the town of Mexicali, site of the airport at which our plane landed thirty miles from Cerro Prieto. Yet, Mexicali already has a half million residents—more than double the population that was here prior to Yankee industrialists' recent demand for factory space for assembly of various products from toys to trucks in a tariff-free border zone where unskilled workers flock to find jobs. This growth has taken place with the help of a minimum supply of electricity from an oil-fueled generator at Rosarito Beach, which also powers Tijuana and one of the world's biggest sea water desalting plants. A tremendous surge of new growth seems inevitable once Mexicali taps the prodigal source of electricity under its own back yard.

A similar burst of prosperity could be propelled by geothermal steam north of the Mexican border. As was noted earlier, the Salton trough reaches northward from the Mexicali Valley through the rich Imperial Valley of California. The purpose of the visit of the University of California Regents was to applaud Mexican ingenuity and initiative and to suggest their emulation in the United States. In our party was Dr. Robert W. Rex, professor of physics and director of the Institute of Geophysics and Planetary Physics at California's Riverside campus, who is dedicated to a geothermal revolution in the economy of the whole American Southwest.

In addition to the university and the National Science Foundation, financial supporters of Professor Rex's research include the Southern California Edison Company and Standard Oil of California, competitors in the energy market geothermal steam must enter. For the last half dozen years, Southern California Edison has not been able to find a new fossil- or nuclear-fuel power plant site acceptable to opponents of further pollution of the air and water. And Standard Oil of California, apart from its concern over price competition among oil and gas and nuclear fuel, has been unable to solve the problem of sulfur emissions from oil-burning furnaces. Under these circumstances, geothermal power is attractive because it can be generated much more cheaply than power from any other source; furthermore, under proper management, it is capable of enhancing rather than deteriorating the environment.

The Bureau of Reclamation of the U.S. Department of the Interior contributes a generous share of Professor Rex's working budget. That share may top $1-million next year. This is appropriate, for the bureau's objective is measurable only in the grand dimensions of promises solemnly made in the name of American democracy. By treaty with Mexico, the U.S. government in 1944 agreed that Mexican farmlands each year should receive from the Colorado River, en route to the Gulf of California, at least 1.5 million acre feet of water suitable for irrigation of crops. Not only has this pledge gone unkept; it has been broken more and more flagrantly with the passing years. Huge flood-controlling dams have conserved the water for use north of the border, the impounded water has lost enormous amounts of its volume by evaporation under the desert sun, the salt content of the water has risen because of the evaporation, and the Yankees have leached the salt out through irrigation ditch drainage and dumped it back into the river, finally leaving the Mexican share of the water not only sadly depleted but so heavily laden with salt that crops irrigated with it are limited both in variety and in yield. Crop failures are commonplace.

There is no greater cause of friction between Mexico and the United States. Two years ago, the Congress moved to demonstrate its good faith by authorizing the Secretary of the Interior to find 2.5 million acre feet of water per year to meet the obligation to Mexico. This amount would provide a safe margin above the 600,000 acre foot loss that occurs by evaporation and otherwise between Lake Mead (created by building of Hoover Dam) and the Mexican border. During the next ten years, the Congressional act decreed, the search for this missing water may not go outside the basin of the Colorado. Interior's Bureau of Reclamation is concentrating the search on three sources: modification of clouds to increase the amount of rain feeding the basin, treatment of sewage in ways that will eventuate in potable water returnable to the basin, and geothermal waters from beneath the basin. Spending for cloud modification now totals $23-million. Arleigh West, who has just been moved up into the Washington, D.C., echelons of the bureau from directorship of the bureau's third region at Boulder City, Nevada, firmly believes that at least as great an expenditure is justified for Professor Rex's scheme to pipe geothermally heated waters to the surface of the Imperial Valley, take off the steam to generate power, use the heat remaining in the brine to evaporate the water (thus slashing the cost of desalination, which consists chiefly of the cost of heat), pipe the distilled water into Lake Mead, and refill the geothermal reservoir underground with salt water from the Pacific Ocean.

The Bureau of Reclamation's hopes are not, of course, built on pure altruism. Yankee farmers and other water consumers north of the border would benefit from dilution of the salinity of Colorado River water as much as would Mexican farmers. Awareness of the potential impact has prompted the largest water distributor in Southern California—the Metropolitan Water District of Los Angeles—and the Imperial Irrigation District to support Rex's work with research grants. Both know that the combined effect of the water and power would be felt all over the Southwest. Furthermore, the power when fed into a national electricity transmission grid could flow across the country to help prevent the brownouts that now plague the East.

The implications of the geothermal initiative of Professor Rex and his team have impressed the Mexican National Electricity Commission, and it has asked him to consider serving Mexico as a scientific consultant. Some such practical expression of the Good Neighbor Policy is long past due. Until today, no Yankee credit can fairly be given for Mexico's geothermal adventure. All praise must go to the Mexicans themselves and to help they obtained from the United Nations.

The roaring pillar of boiling water that awed all of us in the University of California inspection team here at Cerro Prieto is an authentic coda to the Mexican Revolution. It was in 1939, three years after President Lazaro Cardenas expropriated the foreign-owned petroleum properties in Mexico, that he formed the Federal Electricity Commission (CEF) for the purpose of controlling the most powerful means of lifting the peasants from poverty. One of CEF's organizers was Luis F. de Anda, engineer son of a well-to-do Mexican family, who multiplied his inheritance by building hotels.

In those days, the big profit in hotels came from spas where wealthy tourists could soothe their ailing bodies with baths in warm mineral springs. Therefore, de Anda kept his eyes cocked for warm springs while enjoying his

favorite pastime of hiking across the hills and valleys of his native countryside. As he clambered over the often volcanic rocks, he came across many bubbling waters in which the Indians cooked potatoes and chickens and boiled off the bark of reeds they then wove into baskets. If the water stayed that hot, de Anda reasoned, Mexico might possess a source of wealth far surpassing the potential of spas. Perhaps the Mexicans could do what the Italians had done since 1904 at Larderello: capture underground steam in pipes and throw it into turbines to generate electricity.

He could think of no reason why he should not drill holes in the earth to test the idea. No reason, that is, except his own lack of technical knowledge of geology. He asked advice of University of Mexico vulcanologist Frederico Mooser and other geologists. The outcome of their consultations was an appeal to the United Nations.

The United Nations turned to Iceland, where geothermal steam had been used to heat homes since 1925. There was Gunnar Bodvarsson, an Icelander with years of experience in exploitation of subterranean water and steam. Bodvarsson went to Mexico in 1954. Now a professor of geophysics at Oregon State University, he recalls that he studied the rocks in the three neighborhoods pointed out to him by de Anda and found them all promising sites of geothermal activity.

In the following year, de Anda started to drill a steam well on one of the sites Bodvarsson had approved—near Pathé, in the state of Hidalgo. Anticipating success in this enterprise, de Anda visited Italy and brought back from Larderello an old electric power turbine. He hitched it up to the steam pipes at Pathé and felt vindicated when it produced usable current.

Luck intervened that same year with the dispatch to far-off Mexicali of a CEF engineer to determine what manner of power scheme might provide a shot in the arm for this forsaken desert region. Outside Mexicali, he saw puddles of ground water bubbling and heard from irrigation ditch diggers how bursts of steam often came up through the ditch bottoms. After confirming these phenomena for himself, he urged de Anda to extend the geothermal search to Baja California.

Five years of deliberation followed in Mexico City. The decision was hard to make. Not only its vast distance from the capital but the almost total isolation of Mexicali had to be weighed. But de Anda's sense of destiny triumphed in the end. By 1960, he was head of the new CEF agency, the Geothermal Energy Commission (CEG). Mooser, who had become chief geologist fo CEF, joined him in support of Cerro Prieto's first well. At less than 2,000 feet, the drillers hit boiling water in 1961.

By poetic chance, that happened to be the year in which the United Nations staged a global conference in Rome on unconventional sources of energy. The sun, the wind, the tides of the sea, and the temperature gradients of sea water were considered along with the inner dynamics of Earth itself. When the conference proceedings came to be published, two of the three volumes were occupied entirely with reports of research on geothermal power.

Buoyed by these data and by advice they obtained from New Zealand (where geothermal resources, first put to use in 1925, had demonstrated results worthy of nationalization in 1946), de Anda and his associates applied native Mexican ingenuity to development of an enterprise that is now attracting the investment interests of the World Bank.

Among the earliest Yankees to recognize the significance of the Mexican breakthrough was geologist Robert Rex. In 1961, he was doing research for Standard Oil of California, using heat-flow measurements to determine feasible sites for oil wells in the Imperial Valley. Oil and steam do not mix, because the heat required for the latter dissolves and washes away the hydrocarbon constituents of the former. In the 1920's, there had been drilling for steam at the southern end of the Salton Sea, which has grown popular as a sportsmen's haunt since it formed in a below-sea-level pocket of the valley between 1905 and 1907 when the Colorado River flooded and shifted course disastrously. Hot water had been recovered from those 1920 steam wells, but the well drillers felt it was too heavily laden with salts to be profitably marketed. So Rex's assignment in the oil well hunt of the 1960s boiled down to deciding where the underground temperatures could be low enough to allow accumulation of oil pools.

In the midst of this heat-flow analysis, Rex heard that the geothermal water brought up at Mexicali held a much lesser burden of minerals than did the Salton Sea steam wells. Deciding to employ his fluency in Spanish to learn more on the spot, he crossed the border and picked up enough information to persuade himself that the geological formations involved would favor the presence of similar lightly salted brine north of the border. He looked again at the heat gradients he had compiled for Standard and concluded that all but one of the proposed oil well sites were too hot to harbor oil. The single exception he considered marginal. He predicted that if a 13,000-foot-deep hole were drilled, the temperature at the bottom would be 500 degrees Fahrenheit. A well was drilled to the proposed depth. The temperature was 500 degrees. The water that came up contained the same percentage of salt as had been recovered at Cerro Prieto.

This well was in the middle of the Imperial Valley. It alone was not enough to convince Standard that drilling for steam would prove as sound an investment as would drilling for oil elsewhere. So Standard abandoned the leases it had obtained for oil exploration. Despite his inability to persuade the company to enter intensive research along his line of thinking, Rex did receive grants of Standard research funds to help support his own studies when he left Standard to join the University of California faculty at Riverside in 1967. Standard made a further concession to Rex in token of its belief in the importance of fundamental research by allowing him to take with him to Riverside the heat-flow statistics he had gathered at Standard's expense and half the staff that had helped him in the gathering. From that nucleus, in Rex's three years at the university, has grown a laboratory manned by twenty associates and graduate students during the academic year and by thirty persons in the summer months of field work. Key personalities, aside from Rex himself, are Israeli geophysicist Tsvi Meidav, James Combs from the Massachusetts Institute of Technology, Shawn Beihler from the California Institute of Technology, and Tyler Copeland from the University of Chicago.

This crew has determined that heat beneath the valley floor is two to three times the average for the North American continent, and that spongy rock capable of holding water underground is 15,000 feet thick at the northern end of the valley and 20,000 feet thick at the Mexican border.

In the 1,000-square-mile area covered by this exploratory work, seven especially hot spots have been defined. These suggest the existence of as many pools of buried geothermal energy, bubbling at temperatures above 500 degrees Fahrenheit, with a total potential of twenty million kilowatts of electricity and five to seven million acre feet of distilled water annually for at least three decades and possibly for one to three centuries.

Next spring, Rex and his associates will get down to the serious business of proving out these exploratory findings. Two 1,000-foot-deep wells will be drilled preliminary to a major project set for next fall: a 6,000-foot well from which is expected to be drawn boiling water and steam. Later on, Rex hopes, the National Science Foundation may finance a well that will go all the way down to basement rock and perhaps tap a magma chamber for the first time. Data obtained from study of such a well could lead to a new kind of mining, in which the minerals—instead of being dug from under the earth—would be floated upward to the surface and there separated chemically. Morton International, Inc., which owns some of the geothermal leases on the heavily salted waters under the Salton Sea, has been experimenting with a pilot plant salt separation process and has reported this effort near success.

Rex intends to accept Mexico's invitation to serve it as a geothermal consultant. He considers it profitable to geothermal research in the United States for him to make his sophisticated survey instruments available south of the border. Using the border as a base line, he will define the hot spots simultaneously southward and northward of it in gradual progression and thus arrive at the pattern of heat flow for the entire Salton trough. While exploitation in the north is catching up with that in the south, it will be possible to train young Mexicans and young Yankees together at a Cerro Prieto well that has proved less promising commercially than the rest of the wells in the field. Techniques of power generation and water desalting will be taught as complementary subjects.

In speaking of the future, Rex hedges his public statments with caution. He notes the necessity of refilling the geothermal reservoirs in order to prevent subsidence of the valley floor. He notes that, although geothermal steam is much more cheaply produced than is nuclear steam, geothermal electricity is not always competitive with nuclear electricity because nuclear steam emerges at high pressures and high temperatures suitable for filling large-scale demands, whereas geothermal steam comes out of the earth at relatively low pressures and temperatures better fitted for smaller markets. As a corollary to this, Rex emphasizes that geothermal steam alone is not a panacea for the current power shortage in the United States.

Privately, however, Rex will admit to a suspicion that the geothermal potential of the United States is considerably greater than anyone now supposes. The Department of Interior's official figure on acreage with demonstrated potential is 1,350,000. But no one really knows because a high percentage of land throughout the West (the area of promising heat-flow measurements) is owned by the federal government and is not now open to geothermal exploration. Since 1962, Senator Alan Bible of Nevada has been sponsoring a bill in Congress to correct this situation, and the two Congressional houses (delayed by one Presidential rebuff) have finally passed slightly varying versions of it after writing in clauses to prevent giveaway of public treasure to private speculators. The differences remain to be resolved in the light of White House insistence that all geothermal leases be subject to competitive bidding.

At the United Nations, there is strong reinforcement for Rex's suspicion. A worldwide conference on geothermal energy held in Pisa, Italy, in the last days of September and first days of October 1970, heard 200 scientific reports, including a significant one from Russia that said the geothermal energy potential of the Soviet Union is greater than all other Soviet energy sources together. Considering Russia's huge reserves of coal, oil, and gas, the Russian declaration has staggering implications. A U.N. official well acquainted with the record of geothermal performance commented after the conference: "We used to think a geothermal field would last only forty years at most before becoming ex-

hausted. We are now beginning to think that a geothermal field, properly managed, may last forever." He cited the experience of Italy, Iceland, and New Zealand in support of this view.

That view may be extreme. But the men who hold it feel justified by the queries they are getting on prospective geothermal land leases from such globally reputed industrial giants as Standard Oil of New Jersey, Shell Oil, Continental Oil, and Union Oil. At worst, these men argue, small and poor nations can use cheap subterranean energy to lift themselves by their bootstraps as Mexico is doing The U.N. itself is sponsoring geothermal energy exploration in Guatemala, Costa Rica, El Salvador, Nicaragua, Chile, Turkey, Ethiopia, and Kenya. It has been proposed that geothermal resources in the Jordan River valley might be an economic force worthy of being exerted toward a lasting peace pact between the Israelis and the Arabs. Skeptics retort that this idea may be nothing more than a lofty dream. But geothermal energy has contributed to the economic growth of Italy, Iceland, New Zealand, Japan, Hungry, India, Indonesia, and the Philippines.

The United States is planet Earth's backward child in this application of science to preservation of the environment. The 1970 U.N. confernce just referred to had been suggested by the University of California Riverside campus. No one in Washington cared enough to pursue the honor. But the Italians were enthusiastic; so the conference went to Pisa. And that is only one symptom of the situation that has prevailed in this country for years. As early as 1890, homes and greenhouses in Boise, Idaho, were being heated by steam issuing from the earth. That steam is still flowing today to 200 customers along one avenue of the city.

The town of Klamath Falls, Oregon, has used geothermal steam in similar fashion since the 1930s. There the steam comes from 500 wells and is so easily accessible that local plumbers make the connections routinely. Five hundred homes, seven schools, an apartment house, a nursing home, and several factories are supplied with heat in this manner. At a place called The Geysers, ninety miles north of San Francisco, where a bear hunter in 1847 came upon a quarter-mile-long gash in the earth from which steam was pouring through a series of fumaroles, the Pacific Gas and Electric Company now generates 82,000 kilowatts of electricty and has plans for pushing that power up to 220,000 kilowatts by 1972.

How many Americans are aware of these circumstances? Do many know that eleven northern California towns with power-generating facilities of their own have contracted for steam they hope two now prospecting companies—Geothermal Resources International and Signal Oil and Gas—will bring up across the canyon from the lands now supplying Pacific Gas and Electric? Or that Standard Oil of California now holds leases on large tracts of potential geothermal steam producing property in the Imperial Valley? Or that Magma Power Company and Union Oil Company are working together at Brady Hot Springs, Neveda, with the intention of pouring geothermal steam power into the nearby electric transmission trunk line of the Sierra Pacific Company?

It took Congress eight years—years characterized by steadily heightening population and power crises—to approach agreement on means of encouraging prospectors to explore promising sites of geothermal energy. The long delay does not indicate much top-level appreciation of regional effects geothermal energy might have in distributing population over the apparent waste lands of the West and thus relieving the burden on our overcrowded cities.

At least we ought to discover how bright the promise of America's geothermal resources really is. In recent weeks, one new geothermal steam strike alone moved the formerly accepted boundary of the country's geothermal province 800 miles eastward. The well was drilled by James (Pat) Dunnigan of Abilene, Texas, in the collapsed volcano cone that now holds the Los Alamos, New Mexico, nuclear explosive research laboratory. Within this caldera, man will epitomize his real attitude toward his environment, his willingness to assign unconventional competitive values to sources of energy that do not pollute the air or the water and do make possible new belts of green in otherwise barren countryside, and finally his determination to apply his imagination as devotedly to the exaltation of life as he has applied it to life's extermination.

What share of the energy supply of the United States could be provided by geothermal steam? That question is impossible to answer at the moment for three reasons. First, a dependable source of geothermal energy must be proved out before it can be committed. It isn't at all like a coal-fueled or oil-fueled boiler, which simply needs to be built soundly to deliver its promised load. Second, geothermal sources cannot be proved until they are discovered, and the discovery process is only now beginning seriously. Third, a need for power must be confirmed before any share in fulfilling the need can be fixed.

Most economists hold that our present living level can be maintained only if more power is made available every year. But the RAND Corporation, the California "think tank" that acquired global fame for the accuracy of its predictions for the U.S. Air Force, is now in the midst of a study, financially supported by the National Science Foundation. to determine whether an ever-upward spiraling energy supply really is necessary or can even be justified. The same question was raised at the 1970 annual meeting of the officers and corporate associates of the American Institute of Physics by Ali Bulent Cambel, Wayne State University's executive vice president for academic affairs and director of a sweeping White House inquiry into energy problems of the nation seven years ago.

Cambel conceded that "there is no doubt whatsoever that the production of power is the main source of the environmental blight that engulfs us everywhere." But he said he "simply cannot conceive of returning to animate power to supply energy consumed by modern industry. Not only would this be impossible technologically; we would also reject it on moral grounds. Were we to be naively inclined to substitute animate power for electrical power, we would have to increase the world's animal population immensely. In a food-hungry world, this would be going in the wrong direction."

Cambel saw no hope of early improvement in the prevailing power shortage for the following reason: In this country, energy consumption has been rising at an annual rate of 7 to 10 per cent. But new power plant construction planning has been based on an earlier acceleration of 3 to 5 per cent. Furthermore, reliability requirements (e.g., to take care of unexpected loads and generator down-times) call for a 20 per cent excess capacity that "does not exist in several metropolitan areas" and cannot be provided in a hurry.

"Yet," Cambel continued, "several immediate expedients are well known. These are expanding the interconnections among utility systems, and installing gas turbine and diesel generating units. We could have been on the verge of having still another option, magnetohydrodynamics, had we not drastically curtailed the associated research and development funds."

Fear of thermal pollution from power generation, "although a real one, should be handled with less hysteria," he said. "Instead of rejecting nuclear plants outright, more research should be conducted regarding site levels of thermal pollution; nor have we made exhaustive studies of judicious design and placement of outlets, or of the distribution of plant sites. Generated power could be transmitted and distributed by means of superconducting underground cables. Although still in the research stage, there is indication that such cables are feasible."

Cambel said categorically that "the limitation of energy consumption lies not in any shortage of resources but in environmental limitations." When fossil fuel reserves, uranium and thorium reserves, the nuclear fusion potential of deuterium in sea water, and non-depletable energy sources (hydro, aero, geothermal, tidal, and solar) are all considered together, man need not fear an energy shortage for billions of years. Because some fuels are more abundant than others, however, careful decisions must be made concerning when to switch from one fuel to another. But these are easy in comparison to the effectuation of controls over environmental pollution. The best hope, in Cambel's opinion, is creation of new countertechnologies that will improve upon the natural environment that our present technologies originally sought to modify.

Government subsidies and/or tax write-offs should be provided to industry to stimulate creativity through competition, Cambel proposed. As an example, he cited the possibility of developing household hydrocarbon fuel cells that would obtain their supply of gas from coal gasified with heat produced by nuclear-fueled electric power plants. The external electric wiring leading into a house would be abandoned, but the wiring inside the house would continue in use. The power used in this system would compete with the power supplied by public utilities.

Another example: Direct the Antitrust Division of the U.S. Department of Justice, the Internal Revenue Service, and the Department of Transportation to join in encouraging automobile makers to metamorphose into providers of vehicles for all modern modes of transportation.

Cambel also advocated that "every conceivable fiscal encouragement" be given to manufacturers who invent appliances capable of doing accustomed work with less energy. Such devices would include microwave ovens and stoves to replace conventional gas and electric kitchen stoves; ultrasonic dishwashers and laundering machines to replace washers that thresh water about; electric chemiluminescent lighting panels to replace incandescent and fluorescent lighting fixtures; and thermoelectric refrigeration and air conditioning units to replace conventional compressor-driven coolers.

In short, the Cambel prescription for tomorrow's energy research and development is vigorous orientation toward less dissipation of energy without curtailing human comfort.

ROBERTA SCOTT, 1970 POSTER CHILD

Mr. DOLE. Mr. President, I wish to comment on a story that probably is on all wire services and I understand may be subject to further news comments. I shall read the first paragraph:

Parents of Roberta Scott, 13-year-old Wichita student who is the 1970 Poster Child for the National Association of Retarded Children, have been informed she will not have her picture taken with President Nixon.

Mr. President, that sentence in itself indicates the fact that Roberta Scott did not have her picture taken with President Nixon. But the implication, of course, is in the following sentence:

Roberta was the first black child selected as the NARC poster girl. A new poster girl for 1971 will be selected in February.

Mr. President, I know Roberta Scott, have visited with her, and her mother, when I spoke at the Kansas Association for Retarded Children meeting in Kansas City, Kans., on April 24 of this year. I wish to clarify the confused situation.

The implication, of course, is clear in this story and in other reports the Senator from Kansas has heard: that because Roberta Scott is black, the President refused to have his picture taken with her. Of course, this is ridiculous on its face; but there are those who seek to imply, at every opportunity, that this President is prejudiced and, therefore, failed to respond.

The Senator from Kansas knows that President Nixon personally had no idea of who Roberta Scott was, the fact that she was a poster child, the fact that she was white, black, or brown. In any event, because of a late request by NARC and because of scheduling difficulties, the picture was not taken.

This morning I talked with Mrs. Huey Scott, Roberta Scott's mother, and, of course, they expressed disappointment. Every American would like to visit the President—or almost every American would like the President—whether he be a Republican or a Democrat, whether he be Nixon or Johnson or Kennedy or Eisenhower, or the next President. But almost every American realizes that this is not possible.

The Senator from Kansas simply wants to point out that Roberta Scott is an outstanding young lady who has made great progress in overcoming a very serious handicap. Her parents are hard-working Kansans. Certainly, the Senator from Kansas wants Roberta Scott to have all the recognition she deserves. The Senator from Kansas has a vital interest in handicapped Americans and a particular interest in those handicapped Americans who reside in the State of Kansas. I would suggest that Roberta Scott may yet have her wish. Roberta may yet see the President of the United States as I understand the disappointment she must feel, and feel certain President Nixon will respond properly when he learns of the incident.

Above and beyond that, I wish to absolve the President himself from any shortcoming in this particular instance and to point out that, with the hundreds and hundreds and thousands and thousands of requests made upon the President for personal visitations or personal appearances or private visits, he does remarkably well.

I recall that a few months ago, the President spent approximately 40 minutes with the mayor of Wichita, Price Woodard, and Mrs. Woodard. The mayor is black, an outstanding citizen and a very outstanding mayor.

So the Senator from Kansas rises at this point to state positively that the wire story implications are patently false. I have indicated as much to Mrs. Scott this morning. She understands that perhaps much may be made of this incident in an effort to embarrass the President of the United States. But, again, let me comment on a positive note that Roberta Scott is an outstanding young lady. We are proud that she is a Kansan, and hopeful that, in the near future, she may have her wish of meeting the President of the United States.

ORDER OF BUSINESS

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

ADJOURNMENT TO MONDAY, DECEMBER 7, 1970

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 12 o'clock meridian on Monday next.

The motion was agreed to; and (at 1 o'clock and 59 minutes p.m.) the Senate adjourned until Monday, December 7, 1970, at 12 meridian.

NOMINATIONS

Executive nomination received by the Senate December 4, 1970:

U.S. DISTRICT COURTS

Robert E. Varner, of Alabama, to be a U.S. district judge for the middle district of Alabama, vice a new position created by Public Law 91-272, approved June 2, 1970.

U.S. MARINE CORPS

The following named officers of the Marine Corps for permanent appointment to the grade of major general:

John R. Chaisson	Alan J. Armstrong
Oscar F. Peatross	George C. Axtell
Edwin B. Wheeler	Foster C. Lahue
Robert P. Keller	

The following named officer of the Marine Corps Reserve for permanent appointment to the grade of major general:

Arthur B. Hanson.

The following named officers of the Marine Corps for permanent appointment to the grade of brigadier general:

William C. Chip	Joseph C. Fegan, Jr.
Ralph H. Spanjer	Leslie E. Brown
Robert F. Conley	Jay W. Hubbard
Fred E. Haynes, Jr.	Charles S. Robertson
Lawrence F. Snoddy, Jr.	Duane L. Faw
	Mauro J. Padalino
Ross T. Dwyer, Jr.	Edward S. Fris
Samuel Jaskilka	Frank C. Lang
Kenneth J. Houghton	

The following named officer of the Marine Corps Reserve for permanent appointment to the grade of brigadier general:

Richard Mulberry, Jr.

EXTENSIONS OF REMARKS

UNITED SERVICE CLUB INAUGURATES "OPERATION REUNION"

HON. L. MENDEL RIVERS

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 3, 1970

Mr. RIVERS. Mr. Speaker, on Saturday, December 5, there will touch down in Oakland, Calif., the first of a series of airplanes which will bring to some American families the best Christmas present they could receive—the GI sons and husbands home from Vietnam for the holidays. This is being made possible by the United Service Club's "Operation Reunion"—which provides roundtrip transportation between Vietnam and the United States for as little as $369.

This $369 is less than half of the regular air fare to Vietnam and is well below the originally planned "special price" for Vietnam servicemen of $700. The $700 price was a mirage. It was just too high to be within the grasp of most GI's. But $369 will mean Christmas at home for many who otherwise could not dream of such a trip.

"Operation Reunion" is a cooperative venture by the United Service Club, a nonprofit organization, and Pan American World Airways. The great Pan Am Corp. deserves, I believe, a great deal of credit for making its facilities, including its ticket offices, available for the operation. Pan Am is providing these facilities and services to the United Service Club with the understanding that any certified carrier can be used for flight. The operation is not limited to Pan American aircraft.

Gen. Creighton Abrams, MACV commander, announced the new leave policy for men in Vietnam, which provided that men between the fourth and eighth month of service would be eligible for 2 weeks' leave if their units could spare them. It was designed to give as many men as possible a chance to go home for the holidays. The policy provided that a man must have a return ticket in hand before he leaves Vietnam. When the new policy was announced it was said that a "cut-rate fare" of around $700 would be provided for servicemen who could obtain leave. While this is below the lowest regular ticket price—which is some $969—it was still too high. I am very proud of the fact that our Committee on Armed Services was instrumental in getting a low-priced air fare of $69 for round-trip chartered flights between Europe and the United States initiated earlier this year. That special fare, which is still in operation, was established by the United Service Club. I asked the United Service Club if they could provide a similar service for the men in Vietnam, and with the cooperation of Pan Am they have come up with the $369 flight.

I understand that today there are double lines at most of the ticket counters in Vietnam waiting to buy tickets for "Operation Reunion" flights. This would indicate that the low fare has made the flight possible for many GI's, and for their sake I am very happy.