additional serious damage to both our environment and to mankind in general during the coming decade. On the other hand, there has to be hope that we can apply the brakes soon, that we can slow down human population increases, and that we can begin to repair some of the damage to both our environment and to mankind in general during environment. This is the crucial task facing the coming generation. Right now, 40 percent of the world's population is 15 years old or younger. In the next ten years, most of these youngsters will enter their fertile, family-creating years. If they fail to control population, man with all his reason, his spirit, and his will to survive will go the same path as the lemmings and the deer.

It is not my position to suggest a program for carrying out the mandates nature is now demanding of us. I can offer no ready-made solutions, no panaceas nor utopias. Yet it is clear that all of us must contribute to the total effort in some way, and that the course of our little spaceship must be changed very, very soon.

Man has been described as a "reasoning animal." Thus far, he has proved himself an animal capable of reason on certain subjects, but blind on others. It remains to be seen whether there is yet time to learn, to correct, to overcome. Certainly, there isn't much time left. Will it be ten years or twenty? Will we go out with a whimper or a bang? Or will we begin now to control those forces that can decide man's destiny on this planet? The answers to these questions, I submit, will soon appear, provided if not by man, then by nature. It's the alternative that must frighten us all.

HOUSE OF REPRESENTATIVES—*Wednesday, March 11, 1970*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Exalt the Lord our God, and worship at His holy hill; for the Lord our God is holy.—Psalm 99: 9.

O Lord, our God, whose glory is in all the world and whose goodness continues forever, we commend ourselves and our Nation to Thee that being conscious of Thy presence, governed by Thy spirit, and living in Thy love we may dwell secure in peace and good will.

Bless our land with wise government, sound learning, and vital religion. Save us from discord and disunity, from pride and prejudice, and from vice and violence. Strengthen the bonds of friendliness between the citizens of our beloved land and make strong the ties of fellowship between the nations of the world. Plant love in every heart, truth in every home, faith in every church, justice in every nation, and peace in all our world. And may the love of Thy dear name hallow every noble endeavor for good.

In the spirit of Christ we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6543) entitled "An act to extend public health protection with respect to cigarette smoking, and for other purposes."

The message also announced that the Senate further insists on its amendment numbered 13 to the foregoing bill.

TRAVEL ALLOWANCES

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

Mr. BINGHAM. Mr. Speaker, unlike many Federal executive agencies and most business corporations whose officials serve in locations far from their homes, the Congress makes no "home leave" provision for the immediate families of its Members. Particularly for Members whose home districts are far from Washington or who have large families living with them here in Washington, the expense of allowing their families even to go home for Christmas can be considerable. For those of our colleagues whose districts are outside the contiguous 48 States the cost is prohibitive.

I have made an informal survey of the policies of the various agencies of the Federal Government and a few corporations with regard to providing travel allowances for families to visit their homes. In general, such family travel allowances are provided every 2 years. This is true in effect, for example, of the Foreign Service. Some organizations underwrite a trip home for families of their officials once a year.

With these considerations in mind, it seems reasonable that Members should be reimbursed for one round trip each term for the members of his or her immediate family between Washington and the Member's home district, and I am introducing a bill to that effect tomorrow.

O'LORD

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

Mr. HOWARD. Mr. Speaker, in an age where we live in constant fear of a possible nuclear confrontation; where we read that life on this planet will end in the foreseeable future unless we end pollution; and when many of our people live in abject poverty, we are bound to feel that everything is going poorly.

Then along comes some young person whose generation will soon lead this world and help deescalate the fear of nuclear war—will do something meaningful to end pollution, and will see that all people are given the opportunity to live a decent life.

Such a person is Patricia Eileen Sullivan, an 8-year-old second grader at Marymount Junior School in Arlington, Va.

Patricia has written a simple poem entitled "O'Lord" and it is one of the most moving and inspiring poems I have ever read. Its author may be but 8 years old, but she sees life in the context which all of us wish we could. I commend it to my colleagues for reading:

O'LORD

O'Lord, thank you for my brothers and sisters.
O'Lord, thank you for my mother and father.
O'Lord, thank you for the flowers and grass and trees.
O'Lord, thank you for the moon and sun and stars above us.
O'Lord, thank you for my house and my teachers.
O'Lord, thank you for the love that I get from everyone, and winter and fall and summer.
Oh, and Lord, thank you for this lovely world.

1970 VOICE OF DEMOCRACY WINNERS

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

Mr. McCLURE. Mr. Speaker, last night I was privileged to attend a dinner sponsored by the Veterans of Foreign Wars and honoring the 1970 Voice of Democracy winners. Seeing all of those young people at the table of honor, I was reminded again that the vast majority of today's youth are responsible and patriotic, and not in the mold that the news media so frequently paint them.

I would also like to comment on the unscheduled appearance of President Nixon at the dinner. Other men might have been content to speak briefly and then wave goodby. But not Mr. Nixon. Not only did he stay for the introduction of each State's Voice of Democracy winner, but he went to their table and shook the hand of each one as his or her name was called.

Such acts on the part of the President inevitably close the so-called generation gap. It gave me personally a deep sense of pride in my country, its President, and its youth.

TRIBUTE TO LEWIS DESCHLER

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

Mr. STAGGERS. Mr. Speaker, I rise in humble and sincere tribute to our Parliamentarian.

Statesman, yet friend to truth; of soul sincere,
In action faithful, and in honor clear;
Who broke no promise, serv'd no private end,
Who gained no title, and who lost no friend.
—*Alexander Pope.*

The occasion demands eloquence, and I have only sincerity to offer. "Truth is

the secret of eloquence and of virtue; it is the highest summit of art and of life," said Amiel. My colleagues have spoken both eloquently and truthfully of his distinguished career. All that he has meant to them, and more, he has meant to me. As guardian of the fountain of decorous procedure, he has dispensed life-giving drafts to the thirsty impartially. And no one of his constituents has wandered more hopelessly in the arid desert of uncertainty than have I. His ministrations have given all of us courage and strength to proceed with confidence.

I would add a personal touch. Recently he and I were in the same hospital. I was undergoing a treatment which had serious possibilities. In the morning he met me with a handclasp and the words: "I prayed for you last night." Such is the measure of the man.

Lew Deschler is an institution almost as durable and as lasting as the marble and granite which embellish the scene of his activities. It seems incredible that though he was the companion of the ancients of our tribe, he has accumulated only a total of 65 years, every one of them crammed with days of service and of honor. "Panting time toiled after him in vain." On this occasion, I deem it an honor to join in a rousing salute to his dedication to a society based on dignity and order.

PERMISSION FOR SUBCOMMITTEE NO. 5 OF COMMITTEE ON THE JUDICIARY TO SIT DURING GENERAL DEBATE ON MARCH 12

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that Subcommittee No. 5 of the Committee on the Judiciary may sit during general debate on Thursday, March 12.

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

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON HOUSING OF COMMITTEE ON BANKING AND CURRENCY TO SIT DURING GENERAL DEBATE TODAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Subcommittee on Housing of the Committee on Banking and Currency may sit during general debate today.

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

There was no objection.

PROVIDING FOR THE CONSIDERATION OF H.R. 15945, MARITIME AUTHORIZATION FOR 1971

Mr. COLMER, from the Committee on Rules, reported the following privileged resolution (H. Res. 873, Rept. No. 91–896), which was referred to the House Calendar and ordered to be printed:

H. RES. 873

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15945) to authorize appropriations for certain maritime programs of the Department of Commerce. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. COLMER. Mr. Speaker, I call up House Resolution 873 and ask for its immediate consideration.

The SPEAKER. The Clerk will report the resolution.

The Clerk read the resolution.

PARLIAMENTARY INQUIRY

Mr. GROSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GROSS. Mr. Speaker, does this require a two-thirds vote or a majority vote?

The SPEAKER. The Chair will state that it requires a two-thirds vote to consider the resolution today.

Mr. GROSS. Mr. Speaker, I thank the Chair.

The SPEAKER. The question is, Will the House now consider the resolution 873?

The question was taken: and two-thirds having voted in favor thereof, the House agreed to consider House Resolution 873.

The gentleman from Mississippi is recognized for 1 hour.

Mr. COLMER. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Illinois (Mr. ANDERSON) pending which I yield myself such time as I may consume.

Mr. Speaker, this resolution provides an open rule with 2 hours of general debate for consideration of H.R. 15945 to authorize appropriations for certain maritime programs of the Department of Commerce.

The bill as reported authorizes appropriations for the Maritime Administration within the Department of Commerce for fiscal year 1971 in the total amount of $429.3 million.

The sum of $199.5 milion is authorized for acquisition, construction, or reconstruction, construction-differential subsidy and cost of national defense features incident thereto.

There are $193 million authorized for payment of obligations incurred for ship operation subsidies.

There are $19 million authorized for expenses necessary for research and development.

The sum of $4.675 million is authorized for reserve fleet expenses.

There are $6.8 million authorized for the Merchant Marine Academy.

The sum of $2.325 million is authorized for financial assistance to State marine schools.

The sum of $4 million is authorized for continued operation of the nuclear ship *Savannah*, including reimbursement of the vessel operations revolving fund for losses resulting from expenses of experimental ship operations.

The authorization will permit the construction of 19 new ships and start to replace the merchant fleet to improve our balance-of-payments situation and to regain momentum toward making the United States once again a leading maritime nation of the world.

Mr. Speaker, I urge the adoption of House Resolution 873 in order that H.R. 15945 may be considered.

Mr. HALL. Mr. Speaker, will the gentleman yield to me at that point?

Mr. COLMER. If I may, if I still have the floor, I will be happy to yield to my friend from Missouri.

Mr. HALL. Mr. Speaker, I appreciate the distinguished gentleman from Mississippi yielding to me. He is always in control of the situation. I simply wanted to ask with regard to this rule, copies of which are not available, and which in the interest of expediting the business of the Congress we are taking up at this time under unusual circumstances because we believe in the authorization that is forthcoming as a result of this rule, whether or not there are any waivers of points of order in the rule that we are now considering?

Mr. COLMER. I will say to my friend from Missouri that no request was made for the waiving of points of order and none was granted.

Mr. HALL. None are inserted in the rule that we are considering under these unusual circumstances?

Mr. COLMER. That is correct.

Mr. HALL. It will be considered under the 5-minute rule? In other words, it is an open rule with no points of order waived?

Mr. COLMER. I thank the gentleman for his questions. I confess it is something I should have explained at the beginning.

Mr. Speaker, I now yield to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, this is an open rule providing for 2 hours of general debate on the authorization for the Maritime Administration with a total authorization of $429,300,000. It should be pointed out perhaps before we do adopt a rule, and I hope we will so that we can proceed with an orderly discussion of this matter, that this bill does differ in one very material respect from the bill that was recommended by the executive branch. Instead of providing the requested $1,700,000 for laying up the nuclear merchant ship *Savannah*, the committee deleted that request for funds and instead authorized $4 million for the continued operation of the *Savannah* during fiscal 1971. I was particularly interested in this item because I am a member of the Joint Committee on Atomic Energy and we have over the years considered the question of reactors for merchant ves-

sels. There are only two such vessels in the world today, the *Savannah* and the *Otto Hahu*, constructed by the West German Government in cooperation with five NATO nations. The Joint Committee on Atomic Energy, in our report last year, when we authorized appropriations for the Atomic Energy Commission pointed out that the committee was not requesting any funds for merchant ship reactors and that this program had become inactive because of the lack of any formal policy on the subject of nuclear merchant ships by the administration. We did have some testimony before the Committee on Rules yesterday from the gentleman from Virginia (Mr. DOWNING), a member of the Committee on Merchant Marines and Fisheries, who I think will undertake to explain the matter further to the House today, that there is some justification for continued operation of the *Savannah* even at the very considerable subsidy which is provided for in this authorizing legislation. However, in view of this language in the report which I just quoted I would express the hope that we might have from the committee some policy in the future with respect to what our country intends to do in this field of nuclear-powered merchant ships so that rather than continuing to subsidize at great expense, as I indicated, some $4 million, the cost of operating this particular ship, we might know what the future plans of the administration are for a nuclear-powered merchant fleet for the United States.

I know of no other significant differences between the bill requested by the administration and the bill as passed out of the committee.

Mr. Speaker, I reserve the balance of my time.

Mr. COLMER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. COLMER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain additional privileged reports.

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

There was no objection.

CALL OF THE HOUSE

Mr. DEVINE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 45]

Adams	Findley	Moorhead
Ashley	Foley	Morton
Baring	Fulton, Tenn.	Mosher
Belcher	Gaydos	Moss
Blackburn	Giaimo	Myers
Bray	Gray	O'Hara
Brown, Calif.	Gubser	Ottinger
Cabell	Hastings	Pryor, Ark.
Camp	Hébert	Reid, Ill.
Casey	Holifield	Rivers
Celler	Jarman	Roudebush
Clay	Johnson, Pa.	Roybal
Collier	Jones, Ala.	St Germain
Cramer	Kirwan	St. Onge
Davis, Ga.	Kluczynski	Schadeberg
Dawson	Kyl	Sikes
Diggs	Long, La.	Teague, Tex.
Dowdy	Lowenstein	Tunney
Dwyer	Lukens	Ullman
Edwards, La.	McCulloch	Vigorito
Evans, Colo.	McEwen	Weicker
Fallon	Miller, Calif.	Widnall
Fascell	Montgomery	

The SPEAKER. On this rollcall 362 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PUBLIC HEALTH CIGARETTE-SMOKING ACT

Mr. STAGGERS submitted the following conference report and statement on the bill (H.R. 6543) to extend public health protection with respect to cigarette smoking, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 91–897)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6543) to extend public health protection with respect to cigarette smoking and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 7, 8, 9, 10, 11, and 12, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "The Surgeon General Has Determined That Cigarette Smoking Is Dangerous To Your Health".; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"'(b) No requirement or prohibition based on smoking and health shall be imposed under State law with respect to the advertising or promotion of any cigarettes the packages of which are labeled in conformity with the provisions of this Act."

And the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"'UNLAWFUL ADVERTISEMENTS

"'SEC. 6. After January 1, 1971, it shall be unlawful to advertise cigarettes on any medium of electronic communication subject to the jurisdiction of the Federal Communications Commission."

And the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"'Federal Trade Commission

"'Sec. 7. (a) The Federal Trade Commission shall not take any action before July 1, 1971, with respect to its pending trade regulation rule proceeding relating to cigarette advertising. If at any time on or after July 1, 1971, the Federal Trade Commission determines it is necessary to take action with respect to such pending trade regulation rule proceeding, it shall notify the Congress of that determination. Such notification shall include the text of the trade regulation rule and a full statement of the basis for such determination. No trade regulation rule adopted in such proceeding may take effect until six months after the Commission has notified the Congress of the text of such rule, in order that the Congress may act if it so desires.

"'(b) Except as provided in subsection (a), nothing in this Act shall be construed to limit, restrict, expand, or otherwise affect the authority of the Federal Trade Commission with respect to unfair or deceptive acts or practices in the advertising of cigarettes.

"'(c) Nothing in this Act shall be construed to affirm or deny the Federal Trade Commission's holding that it has the authority to issue trade regulation rules or to require an affirmative statement in any cigarette advertisement.'"

And the Senate agree to the same.

The committee of conference reports in disagreement amendment numbered 13.

HARLEY O. STAGGERS,
JOHN JARMAN,
PAUL G. ROGERS,
DAVID E. SATTERFIELD III,
PETER N. KYROS,
RICHARDSON PREYER,
WILLIAM L. SPRINGER,
ANCHER NELSEN,
TIM LEE CARTER,
JOE SKUBITZ,
JAMES F. HASTINGS,
Managers on the Part of the House.

WARREN G. MAGNUSON,
JOHN O. PASTORE,
FRANK E. MOSS,
NORRIS COTTON,
JAMES B. PEARSON,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6543) to extend public health protection with respect to cigarette smoking and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

BACKGROUND

The 1965 act

In 1965, the Congress enacted the Federal Cigarette Labeling and Advertising Act (Public Law 89–92; 15 U.S.C. 1331–1339) and made the Act effective on January 1, 1966.

Under the act, (1) cigarette packages were required to bear a label stating "Caution: Cigarette Smoking May Be Hazardous to Your Health"; (2) other statements relating to smoking and health could not be required on packages bearing the label set forth in

clause (1); (3) until July 1, 1969, no statement relating to smoking and health could be required in any advertisement of cigarettes the packages of which bore the label set forth in clause (1); and (4) the Secretary of Health, Education, and Welfare and the Federal Trade Commission were required to submit reports to the Congress by July 1 of each year with respect to matters of concern to them under the act.

House action

On June 18, 1969, the House passed H.R. 6543 which amended the Federal Cigarette Labeling and Advertising Act in two respects. Under the House bill the label on cigarette packages were required to read "Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health and May Cause Lung Cancer or Other Diseases". The House bill also postponed the termination date on preemption of certain aspects of regulation of cigarette advertising from July 1, 1969, to July 1, 1975. The House bill was made effective on July 1, 1969.

Senate action

On December 12, 1969, the Senate amended the House bill in the following significant respects. The statement required on cigarette packages was amended to read "Warning: Cigarette Smoking Is Dangerous to Your Health". The preemption provisions were revised to prohibit any State or political division thereof from imposing any requirement or prohibition based on smoking and health with respect to the advertising or promotion of cigarettes the packages of which were labeled in accordance with the legislation. In addition, the Senate amendment banned all cigarette advertising from radio and television on or after January 1, 1971, and permitted the Federal Trade Commission to resume its trade regulation rule proceeding relating to cigarette advertising after July 1, 1971, or earlier if advertising practices of the cigarette industry were found to be a gross abuse of the nonbroadcast media.

Except for section 5 of the legislation (relating to preemption) which was made effective July 1, 1969, the Senate amendment was made effective January 1, 1970.

CONFERENCE ACTION

A description of the action of the conferees follows in terms of the Senate numbered amendments.

Amendment numbered 1

This amendment defines the term "State" to include any political division of a State. This amendment was adopted in conjunction with a Senate amendment (see amendment numbered 3) which precludes the States from imposing any requirement or prohibition based on smoking and health with respect to the advertising or promotion of cigarettes the packages of which are labeled in accordance with the legislation. This amendment makes clear that the preemption applies to cities, counties, and other political divisions of the State as well as to the States themselves.

The House recedes.

Amendment numbered 2

This amendment relates to the statement which must appear on cigarette packages. The House provision would have required a label stating "Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health and May Cause Lung Cancer or Other Diseases". Under the Senate amendment, the label would have read "Warning: Cigarette Smoking Is Dangerous to Your Health".

The label statement adopted by the conferees is a shortened version of the House provision. The label under the conference agreement would read "Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous To Your Health".

Amendment numbered 3

The House bill contained a blanket preemption (applicable to all Federal departments and agencies as well as State and local governments) with respect to requiring statements relating to smoking and health in advertisements of cigarettes the packages of which were labeled in conformity with the legislation.

The Senate preemption applied only to States and their political divisions. They were prevented from imposing any requirement or prohibition based on smoking and health on advertising and promotions of cigarettes in packages labeled in accordance with the Act. With minor technical amendments the conference version is the same as the Senate amendment.

Amendment numbered 4

The Senate amendment struck out certain language relating to the authority of the Federal Trade Commission. It also struck out the requirement that the Secretary of Health, Education, and Welfare and the Federal Trade Commission submit annual reports with respect to matters placed within their jurisdiction by the legislation. These matters are dealt with in connection with amendments numbered 6 and 7.

Amendment numbered 5

This Senate amendment would have prohibited cigarette advertisements, on or after January 1, 1971, on any medium of electronic communication subject to the jurisdiction of the Federal Communications Commission, e.g., radio, television, and cable television. The conference agreement is the same as the Senate amendment except that the prohibition applies after January 1, 1971.

Amendment numbered 6

In May 1969, the Federal Trade Commission reinstituted a proceeding which had been originally begun in 1964 for the promulgation of a trade regulation rule providing for a health warning in cigarette advertising. The enactment of the Federal Cigarette Labeling and Advertising Act in 1965 superseded the Commission's trade regulation rule proceeding until July 1, 1969 (see secs. 5(b) and 10).

Senate amendment numbered 6 would have prevented the Federal Trade Commission from moving forward with its trade regulation rule proceeding until July 1, 1971, unless it found that the advertising practices of the cigarette industry constituted a gross abuse of the nonbroadcast media in which case it could resume such proceeding at an earlier date. The Commission was also required to notify the Congress of its intention to resume the proceeding. The notice was required at least 6 months before any resulting trade regulation rule was to take effect and would have required a statement of the reasons for such resumption.

Because of concern on the part of the House managers about the meaning of "gross abuse of the nonbroadcast media" the conference agreement omits those provisions. Thus, the FTC may not resume action on its proposed trade regulation rule before July 1, 1971. Further, the conference substitute makes it clear that the Federal Trade Commission, in addition to including in its notice to the Congress a full statement of its reasons for resuming its proceedings for the promulgation of the trade regulation rule, must also include in that notice the actual text of the trade regulation rule. The notice would be required at least 6 months before such trade regulation rule goes into effect.

Before enactment of the Federal Cigarette Labeling and Advertising Act, the question was raised as to whether the FTC had authority to issue a trade regulation rule to require a health warning in cigarette advertisements. Section 5(c) of that Act made it clear that with the exception of sections 5(a) and 5(b) nothing in that Act was to limit, restrict, expand, or otherwise affect the authority of the Commission with respect to unfair or deceptive acts or practices in the advertising of cigarettes, nor to affirm or deny the Commission's holding that it has the authority to issue trade regulation rules or to require an affirmative statement in any cigarette advertisement. Through inadvertence, when Senate amendment numbered 6 was adopted on the Senate floor provisions almost identical to these were omitted.

The conference substitute includes new subsections (b) and (c) for section 7 of the amended Act which are almost identical to the provisions of section 5(c) of the original Act. These provisions make it clear that there is no intention to resolve the question as to whether the Commission has in fact the authority to issue a trade regulation rule regarding cigarette advertising.

The managers on the part of the House expect that the proceeding described in section 7(a) of the conference agreement will be the only basis on which any Federal department or agency could require a statement relating to smoking and health in cigarette advertising.

Amendment numbered 7

Section 5(d) of the Federal Cigarette Labeling and Advertising Act as originally enacted required annual reports from the Secretary of Health, Education, and Welfare and the Federal Trade Commission with respect to matters placed within their respective jurisdictions by the Act. These reports were required to be submitted by June 30 of each year.

The Senate amendment places a new section 8 in the Act relating exclusively to the reports of the Secretary of Health, Education, and Welfare and the Federal Trade Commission. The only other difference between this Senate amendment and the original Act (which was not affected by the House bill) was that the Senate amendment required that the reports be submitted not later than January 1, 1971, and annually thereafter.

The managers on the part of the House concluded that with the significant changes now being made in the Act by the conference agreement it is desirable to postpone the reporting deadline to January 1 so as to have some period of operation under the Act as amended by the conference agreement before a report is required.

The conferees noted that the Secretary of Health, Education, and Welfare has informed the Congress that discussions have been held between officials of the cigarette industry and the Department of Health, Education, and Welfare in an effort to identify gaps in knowledge regarding smoking and health. The Secretary is urged to expedite such identification in a cooperative effort between the cigarette industry and the Department in order that priorities may be set for closing these gaps through appropriate research.

The House recedes.

Amendments numbered 8, 9, 10, and 11

These are technical and conforming amendments.

The House recedes.

Amendment numbered 12

This amendment struck out section 10 of the House passed bill which placed a termination date on the provisions of the legislation preempting the regulation of cigarette advertising. Since section 5(b) under the conference agreement preempts such regulation by the States and their local political divisions and is intended to be of permanent effect, and section 7(a) permits the Federal Trade Commission (if it determines it necessary) to resume consideration of its proposed trade regulation rule relating to cigarette advertising (without, of course, determining the basic question as to whether the FTC has the authority to issue such a trade regulation rule), section 10 of the House version was no longer appropriate.

The House recedes.

Amendment numbered 13

This amendment is reported in technical disagreement. The amendment struck out the effective date in the House bill which was July 1, 1969, and inserted in lieu thereof an effective date (with respect to all but section 5 of the Act) of January 1, 1970. Both dates have, of course, passed and technically the matter could not be resolved in the conference. The new warning on cigarette packages required by the conference agreement necessitates a transition period to permit cigarette packages to be imprinted with the warning. Accordingly the managers on the part of the House will offer an amendment in the House to recede and concur in Senate amendment numbered 13 with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"SEC. 3. Section 5 of the amendment made by this Act shall take effect as of July 1, 1969. Section 4 of the amendment made by this Act shall take effect on the first day of the seventh calendar month which begins after the date of the enactment of this Act. All other provisions of the amendment made by this Act except where otherwise specified shall take effect on January 1, 1970."

HARLEY O. STAGGERS,
JOHN JARMAN,
PAUL G. ROGERS,
DAVID E. SATTERFIELD III,
PETER N. KYROS,
RICHARDSON PREYER,
WILLIAM L. SPRINGER,
ANCHER NELSEN,
TIM LEE CARTER,
JOE SKUBITZ,
JAMES F. HASTINGS,
Managers on the Part of the House.

MARITIME AUTHORIZATION, 1971

Mr. GARMATZ. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15945) to authorize appropriations for certain maritime programs of the Department of Commerce.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 15945, with Mr. GILBERT in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Maryland (Mr. GARMATZ) will be recognized for 1 hour and the gentleman from California (Mr. MAILLIARD) will be recognized for 1 hour.

The Chair recognizes the gentleman from Maryland (Mr. GARMATZ).

Mr. GARMATZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of H.R. 15945, which gives promise so long due of rehabilitating our U.S.-flag merchant marine to serve our national commerce and defense needs.

This bill, H.R. 15945, to "authorize appropriations for certain maritime programs of the Department of Commerce" is generally referred to as the maritime authorization bill.

The bill was reported by our committee in House Report 91–865 on March 4, 1970, with one important amendment.

Under existing law, only such sums as the Congress might specifically authorize may be appropriated for several specific programs administered by the Maritime Administration. They include such matters as vessel construction, vessel operations, reserve fleet expenses, research and development, maritime training at the Merchant Marine Academy and the State marine schools, and the vessel operations revolving fund.

H.R. 15945, introduced on February 17, 1970, is identical to the bill as recommended by Executive Communication 1648, dated February 12, 1970.

In summary, the administration recommended a maritime appropriation authorization in the sum of $427,000,000 in the following categories, and in the amounts indicated:

First, acquisition, construction, or reconstruction of vessels and construction-differential subsidy and cost of national defense features incident to the construction, reconstruction, or reconditioning of ships, $199,500,000;

Second, payments of obligations incurred for ship operation subsidies, $193,000,000;

Third, expenses necessary for research and development activities—including reimbursement of the vessel operations revolving fund for losses resulting from expenses of experimental ship operations, $20,700,000;

Fourth, reserve fleet expenses, $4,675,000;

Fifth, maritime training at the Merchant Marine Academy at Kings Point, N.Y., $6,800,000; and

Sixth, financial assistance to State marine schools, $2,325,000.

With only one significant change, the committee accepted all of the administration's recommendations.

The items dealing with ship construction subsidy, payment of obligations incurred for ship operation subsidies, reserve fleet expenses, maritime training at the Merchant Marine Academy and financial assistance to State marine schools remain unchanged.

In the category of expense for research and development, the authorization has been reduced by $1,700,000. This was the sum requested by the administration to lay up the nuclear ship *Savannah*. In this connection, the committee has added a new item for the continued operation of the *Savannah* and has authorized an appropriation of $4,000,000 to operate this nuclear merchant vessel. The net effect on the appropriations authorization is to increase the request by $2,300,000.

The bill as introduced would have authorized a total of $427,000,000 for the previously indicated activities of the Department of Commerce, administered by the Maritime Administration. The bill as reported increased the total amount by $2,300,000 to a total of $429,300,000.

The committee thought the nuclear ship *Savannah* should continue to sail and not be laid up as recommended by the Administration because the *Savannah* could continue to open up the maritime ports of the world to nuclear-powered ships. Also, we felt we should not lose the skills of the crew required to operate a nuclear-powered commercial vessel into the maritime ports of the world.

Nuclear ships require manpower with specialized training and experience. The pool of such manpower developed by the *Savannah* in all probability will be lost to a future program if the ship is laid up. Through continued operation of the *Savannah*, it would be maintained for application to future nuclear ships. This trained and experienced organization is needed to achieve the basis for reductions in manning, the lowering of regulatory requirements consistent with continued safe operation, and through continued operation of the ship, in opening of more ports in more countries for future ships.

Further, we thought the prestige of the United States as a maritime nation would continue to be enhanced as it continues to operate the world's first nuclear-powered commercial vessel. The efforts of maritime nations such as the Soviet Union, West Germany, and Japan, to develop and operate nuclear-powered commercial vessels lends further impetus to the need for the United States to continue to operate the *Savannah*.

Moreover, it did not seem especially thrifty to us to authorize appropriations of $1,700,000 to lay up the ship when the current cost to operate it is $3,400,000, particularly as it might cost as much as $9,000,000 to reactivate the *Savannah* if it is used later for other purposes, as contemplated.

In support of the appropriations authorization for construction and operating-differential subsidy, our committee noted that we have said over and over again that our merchant marine has to be rebuilt almost from the ground up if we are to meet our national objectives in national defense and foreign commerce.

The President agrees with us. He has said that we must rebuild our merchant marine. He recommended legislation to permit building 300 new merchant ships over a 10-year period, at the rate of 30 new ships each year.

The sum of $199,500,000 has been authorized for ship construction purposes. It is intended by this authorization to permit the building of 19 new vessels in fiscal year 1971, as compared with 10 ships projected for fiscal year 1970.

This authorization to build 19 new ships in fiscal year 1971 will get us on our way to replace the merchant fleet we so desperately need to improve our balance-of-payments situation and to regain momentum toward making the United States once again a leading maritime nation of the world.

This amount of appropriation is actually the initial phase of the President's 10-year program to revitalize our merchant marine by adding 300 new vessels in this 10-year period, at the rate of 30 ships per year. It is expected we will reach this rate of new shipbuilding in fiscal year 1973.

I should add that in approving the administration's authorization request for shipbuilding and ship operating subsidies, the committee has been conducting hearings on H.R. 15424. This is the

bill to implement the President's long-range shipbuilding program. Our action, therefore, on this authorization bill now under consideration is also based on the associated record being made on H.R. 15424.

With respect to operating subsidy funds, for which $193,000,000 is requested, I am happy to say that this figure represents a reduction in comparison to operating subsidy for fiscal year 1970, which was in the amount of $213,738,000.

This reduction was made possible because of discontinued subsidy payments to American operators who became more efficient and no longer needed subsidy to remain competitive in certain trades in our foreign commerce. It also reflects the termination of subsidy agreements on profitable trade routes and other encouraging factors. The figure of $193,000,000 was not changed in the bill as reported by the committee.

There is also substantial appropriation authorization for research and development, in the amount of $19,000,000. This is $1,700,000 less than requested by the administration, as a result of saving the proposed layup costs of the *Savannah, as* explained. We feel that increased appropriations for research and development is essential, as requested by the administration, to help achieve our new shipbuilding goals as the benefits of advanced technology increase productivity in the shipbuilding industry and thus ultimately reduce unit costs.

Mr. Chairman, the committee report sets forth in greater detail the matters involved in this legislation.

The bill as amended to increase funds to continue the operation of the *Savannah* was approved unanimously by our committee and we feel this legislation is urgently needed to begin to rebuild our merchant fleet. Thus, we strongly urge the House to support this appropriation authorization.

There are members of both the majority and minority of our committee who are present and may wish to say a few words.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. MAILLIARD).

Mr. MAILLIARD. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, Chairman GARMATZ of the Merchant Marine and Fisheries Committee has explained the provisions of the 1971 maritime authorization bill in detail, and I will only take a few more minutes to urge passage of this important legislation.

This bill calls for $199.5 million for ship construction in fiscal 1971. The Maritime Administrator, Mr. Gibson, has stated that this will be sufficient for the construction of 19 modern vessels. Because of the tremendous strides which have been made in marine engineering and technology, each of these 19 ships will each have the productive capacity of at least two and a half of the traditional break bulk type ships which now sustain most of our essential foreign trade. It is anticipated that by fiscal year 1973 the program will reach the level of 30 ships per year where it will remain until the 300-ship program contemplated by the President has been achieved.

At this time when every aspect of the budget is receiving close scrutiny in order to achieve the maximum degree of economy, this commitment of funds to the shipbuilding program is clear and convincing evidence that the Federal Government is now willing to carry out its part of the challenge laid down in the President's maritime message to Congress in October 1969.

We have concluded hearings on H.R. 15424, the maritime program, and hope to bring that bill before the House in the near future. This authorization bill is the first step in implementing the President's maritime program, as contained in H.R. 15424.

That legislation calls for an eventual reduction in construction-differential subsidy to the level of 35 percent, as compared to the present maximum of 55 percent. It is hoped that the 45-percent construction-differential subsidy level will apply in fiscal year 1971 to the 19 vessels to be authorized today. Herein lies the challenge to the maritime shipbuilding industry. In order to achieve those reductions in construction-differential subsidy levels, the industry must utilize the concept of large-scale production runs and automate the construction of ships to a far greater extent than is the case today.

Of course, such economies can only be realized if the ship operators agree to place orders for nearly identical vessels with a minimum of custom features. Recently, a number of operators have agreed upon common designs so that 11 nearly identical ships could be built in the same yard. All evidence received by the Merchant Marine Committee indicates that with a 10- to 12-ship program in a single yard, a substantial cost saving occurs with each succeeding vessel.

To further assist in attaining the economics of large-scale production, the Maritime Administration has instituted a design competition between several of our leading shipyards. These yards will soon deliver to the Maritime Administration plans for a number of standardized ship types. These designs will reflect the best judgment of these shipyards with respect to efficiency of construction and operation of the ships. They will not be works of art or monuments of naval architecture, but they will provide the beginning of a new generation of cargo liners and bulk carriers which will provide fast, efficient service on our trade routes at the least possible cost to the operators and to the taxpayer.

The authorization for operating-differential subsidy provides the funds to insure continuing American-flag participation on certain essential trade routes of the United States. It will enable these operators to compete with their foreign counterparts, notwithstanding the much higher cost of operating under the American flag. This higher cost is, of course, largely due to the wage scales on American ships which, in turn, are a reflection of the American standard of living.

The President's maritime program, when enacted, will establish a new system of determining operating-differential subsidy. Briefly, the new program calls for the initiation of an index system for determining wage subsidy. The index of wages will be established by the Bureau of Labor Statistics and will govern increases in operating-differential subsidy beginning with fiscal year 1972.

A comment is in order with respect to the committee amendment to restore funds for continued operation of the nuclear ship, *Savannah*. Your committee believes that the *Savannah*, our only nuclear-powered merchant ship, should continue to operate. It would be false economy to lay this vessel up. The cost of operating the *Savannah* to the Federal Government is approximately $4 million. It is estimated that to reactivate this ship would cost over $9 million. Additionally, layup of the *Savannah* would entail loss of the highly skilled nuclear engineers, who operate this vessel. Undoubtedly, the time will come during the course of this 10-year program when the United States will be able to produce nuclear-powered ships which are economically competitive with fossil-fueled ships. In the meantime, the *Savannah* enables us to maintain the essential knowledge and skills which will be needed for the manning and operation of future nuclear ships. Again, Mr. Chairman, I urge passage of the 1971 maritime authorization bill.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise today in support of H.R. 15945, the Maritime Authorization Act of 1971, and wish to associate myself with the excellent remarks of my colleague and fellow Californian (Mr. MAILLIARD) whom we all look to for advice and guidance on matters dealing with the merchant marine.

As one who has long advocated and supported a total rebuilding of our merchant fleet in order to meet our national defense and foreign commerce objectives, I believe this legislation represents the first positive step in achieving President Nixon's programed goal of "restoring this country to a proud position in the shipping lanes of the world."

Passage of this bill, along with other maritime legislation now under serious consideration by the Committee on Merchant Marine and Fisheries, will go a long way toward implementing the President's long-range shipbuilding program of 300 new merchant ships at the rate of 30 ships per year for the next 10 years. This, in my judgment, is the course we must set and maintain in the Congress if the United States is to, once again, assume its once proud and enviable position on the high seas. And, in terms of competing in present and future worldwide commercial marketing, such a fleet of new and modern U.S. merchant ships is an absolute essentiality.

I further believe that the timing of this legislation presents a unique and outstanding opportunity for this country. At a time when cutbacks are being ordered for defense, I believe the time has arrived to divert some of these funds, at least, into an economic offensive that we are capable of mounting through a dynamic and viable merchant marine. Why cannot many of the jobs that will

be abolished as a result of these ordered reductions in force, be diverted toward shipbuilding and related employment associated with restructuring our maritime service?

The possibilities and potentials that accompany favorable consideration of H.R. 15945 are great. With this and similar legislation in the immediate future, we, as a nation, can begin to move toward the kind of partnerships throughout the world that we have alluded to for so long. With Japan's merchant fleet rapidly expanding and with the vast market for trade in Southeast Asia and throughout the Pacific basin community now developing, I believe the time has arrived to start building a truly meaningful "partnership of the Pacific" that will help prevent future Vietnams from happening.

Mr. GARMATZ. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. CLARK).

Mr. CLARK. Mr. Chairman, first I want to congratulate the gentleman from Maryland (Mr. GARMATZ), and the gentleman from California (Mr. MAILLIARD) for working together on this important piece of legislation. I would like to comment in support of H.R. 15945, the maritime authorization bill. All the aspects of this bill are positive, and of course the highlight of this legislation is the funding of a program to begin construction of 300 new, efficient merchant ships over the next 10 years.

There is another facet of this bill, however, which I believe merits attention. It is significant that the funding for research and development in this bill is over three times the R. & D. amount requested and appropriated in past years. It is, of course, necessary to adequately fund a ship construction and operating program, but such expenditures are wasted if the vessel construction is not backed up by a sound, progressive research and development program resulting in advanced technology and increased productivity.

In the past, the competitive ability of our merchant fleet has been hampered by a pathetic lack of funds for adequate construction and by a feeble program for research and development. New winds of change within the Maritime Administration show promise of fixing on the root causes of our merchant fleet decline. The new approach to an R. & D. program promises substantial funding, an attempt to attract financial participation by the industry, and a program directed toward the advancement of such things as commercial development in the Northwest Passage and high-speed displacement ships.

I believe that such a program merits our support, therefore, I urge passage of H.R. 15945.

Mr. MAILLIARD. Mr. Chairman, I yield 5 minutes to the gentleman from Washington (Mr. PELLY).

Mr. PELLY. Mr. Chairman, the 1971 maritime authorization bill, H.R. 15945, is the first step toward fulfilling the President's commitment to rebuild the American merchant marine. It was in my home city of Seattle, Wash., on September 25, 1968, that Mr. Nixon issued his commitment to restore our merchant marine to its rightful position on the high seas. He concluded that statement with the following words:

> We shall adopt a policy that recognizes the role of government in the well-being of an industry so vital to our national defense, and stimulate private enterprise to revitalize the industry.
>
> We shall adopt a policy that will enable American flagships to carry much more American trade at competitive world prices.
>
> The old ways have failed, to the detriment of the seamen, the businessmen, the balance of payments and the national defense.
>
> The time has come for new departures, new solutions and new vitality for American ships and American crews on the high seas of the world.

A year later, President Nixon submitted to Congress his message on the merchant marine. In it he stated:

> It is my hope and expectation that this program will introduce a new era in the maritime history of America, an era in which shipbuilding and ship operating industries take their place once again among the vigorous, competitive industries of this nation.

Legislation to implement that program has been the subject of extensive hearings before the Committee on Merchant Marine and Fisheries during the past months. The funds to be authorized for fiscal year 1971 will be utilized to begin the task which the President has laid down. It is a challenge to the maritime industry which has been accepted.

In 1968 the value of U.S. exports and imports was $67 billion, nearly one-third of the world's trade. Ships carried $41 billion of these exports and imports. The continued growth of U.S. trade with the world depends upon efficient and reasonably priced ocean transportation. We must rebuild our merchant fleet if continued access to such transportation is to be assured.

Mr. Chairman, I join my fellow members of the Committee on Merchant Marine and Fisheries in urging passage of this bill.

Mr. GARMATZ. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. DOWNING).

Mr. DOWNING. I thank the gentleman from Maryland for yielding.

Mr. Chairman, we have finally arrived at the dawn of a new era insofar as our merchant marine is concerned. Goodness knows, it is time. Our old merchant marine was going down the drain fast. Over 75 percent of our ships were over 25 years of age and they are slow and obsolete.

Mr. Chairman, I wish to congratulate the chairman of the committee, the gentleman from Maryland (Mr. GARMATZ) and the ranking minority member, the gentleman from California (Mr. MAILLIARD), and, in fact, all of the members on both sides of the aisle of the committee for their most bipartisan work in getting this bill out.

We are going forward with the merchant marine now, and in the 1980's we should have a fleet of some 300 fast modern ships. This will not make us first as a maritime power, but we will be among the leaders. Hopefully, we will in the next 10 years do more so far as nuclear propulsion is concerned, because I believe that is the future of the merchant marine. I do not think we are going forward fast enough in this field. The Maritime Administrator himself, Mr. Gibson, said he had hoped funds could be found so that we could go forward with the second generation nuclear reactor, but that since governmental funds are so competitive now in these days of strict economy the funds just could not be provided. The NS *Savannah* then will be the first bridge between the first generation nuclear reactor and the third generation nuclear reactor which we hope will be the economical reactor.

Mr. Chairman, I believe this is a fine bill, and I am going to support it wholeheartedly, and I hope that my colleagues will do likewise.

Mr. Chairman, I would like to make a few remarks in support of H.R. 15945, fiscal year 1971 authorizations for certain maritime programs of the Department of Commerce.

I am personally convinced of the necessity of the general purposes of this bill to support and advance our flagging maritime industry. However, of particular interest to me is the portion of this bill authorizing funds for the Merchant Marine Academy at Kings Point and the financing of the State maritime schools. These educational institutions have done an excellent job not only of providing trained officers for our merchant marine but providing our country with well-educated, disciplined citizens. The graduates of these schools are employed throughout the maritime industry itself.

This bill would increase the authorization for funding for Kings Point from $6,164,000—appropriated for fiscal year 1970 by Public Law 91–153—to $6,800,000, an increase of $636,000. It would increase the authorization for the financing of State schools from $2,040,000—appropriated for fiscal year 1970 by Public Law 91–153—to $2,325,000, an increase of $285,000. The additional funds requested for Kings Point are "to intensify the Academy's modernization program for cadet housing and to replace outdated and obsolete waterfront facilities used for instruction." The 1971 program anticipates continuation of the current graduate rate of about 200 merchant marine officers. The authorization for appropriation covers individual cadet costs of $475 annually, which covers such items as uniforms and textbook allowances, food service, library books, and so forth.

The additional funds for the State maritime schools are for "some increased enrollment and for additional maintenance and repair needs on school training ships." Of the $2,325,000 called for in the bill, $375,000 is authorized for grants to the schools on the basis of $75,000 to each of the five State schools; $973,000 to enable payment of $600 to each cadet in attendance; and $977,000 to cover maintenance and repair and drydocking costs of Government-owned training vessels on loan to the State schools.

Several years ago we were faced with a critical situation in getting military

supplies to Southeast Asia. Well-trained and qualified officers for this critical sealift were in short supply. Fortunately, we were able to get the job done thanks to these maritime academies. We must guard against being caught again in a situation in which there is an acute shortage of merchant marine officers. In addition, I would like to point out the existing capability and vast potential of these schools for also turning out well-educated marine scientists and well-trained future leaders for the marine industry.

In these days when the Congress and the administration are talking in terms of millions and millions of dollars for education, I think the few hundred thousand dollars we are talking about in this bill for these maritime academies is a small expenditure for the great return on our investment. Thus, I urge this body to support H.R. 15945.

Mr. MAILLIARD. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. KEITH).

Mr. KEITH. Mr. Chairman, I join my colleague, the gentleman from Virginia (Mr. DOWNING) in commending the chairman of the committee, and the ranking minority member. However, I would like to discuss with the gentleman, and perhaps with the chairman, one particular problem that confronts those of us who have maritime academies within our districts. I refer to the imbalance that currently exists between the amounts of money that are furnished to the State academies and to their students, as contrasted with the money that the Federal Academy at Kings Point receives.

I invite the attention of the Committee to the fact that the State academies receive a total of $2,325,000 per year from the Federal Government under the provisions of this act, and they graduate about 400 officers per year. This means that the cost of getting an officer into the ranks of the merchant marine through the State academies, insofar as the Federal Government is concerned, is about $6,000.

It costs about $7 million to graduate 200 officers from the Federal Academy, which works out to about $34,000 per graduate. It seems to me, that we are getting a pretty good bargain from the States, and that their share of the cost of educating these maritime officers is disproportionately high when you consider the interstate nature of maritime industry.

The costs to Massachusetts for supporting its academy have gone up 62 percent, and similarly the costs of other States have risen; I think New York State's costs have gone up 245 percent. It seems unfair to leave the Federal subsidy to these State maritime academies at $75,000 per year per academy. There is every reason to increase this, in proportion to the rise in Federal Academy appropriations, because of the wonderful job that the State academies are doing.

I have filed legislation, as has the gentleman from Virginia and the gentleman from Maine, to increase the Federal subsidy to the State academies, and to recognize, as well, the problems of the individual student.

It has been my understanding that an amendment could be offered to take care of this on the floor. But it is my further understanding that there is a Subcommittee on Maritime Education which has this proposal before it. I wonder if either the chairman of that subcommittee or of the full committee could comment on the need for redressing this imbalance, and if there is any possibility of action to take care of both the increases in cost to the students and to the academies?

Mr. DOWNING. Mr. Chairman, will the gentleman yield?

Mr. KEITH. I yield to the gentleman.

Mr. DOWNING. I, as chairman of the Subcommittee on Maritime Education and Training, am inclined to agree with the gentleman from Massachusetts. We have held preliminary hearings on this matter of increases in financial help to the State institutions, and it does appear they are deserving of an increase and we have five academies which the Federal Government gives $75,000 annually.

The States have increased their allocations to their respective academies by a tremendous percentage, and yet the Federal Government's share has been constant through all those years. It is pretty obvious to me that they do need an increase.

But I can say to the gentleman that this matter is still before the committee, not having been finally resolved, and we expect a study in depth from the Maritime Administrator momentarily, and in fact it should have been in by January 15 of this year, but for some reason it was delayed.

The chairman of the full committee has assured me that the subcommittee can resume these hearings on this important matter when the study is received, and as I said before, we expect it.

As soon as that study is received, the subcommittee may resume its sitting and hopefully we can come to some resolution of this matter of increased aid to the schools.

I know that the gentleman is sincere about this. He has been an advocate and a proponent of this for the last 3 or 4 years in trying to resolve it. But I think probably to try to amend this bill is not proper procedure at this time.

Mr. KEITH. I am encouraged by the fact that you expect a study. If the Federal Government had to fill the role that the States are now doing, we would have to educate 400 more officers at roughly $34,000 per graduate, as contrasted to the $6,000 per graduate it now costs us to subsidize the State schools.

These academies are operating very effectively, but on a shoestring, and they can use every bit of assistance that the Federal Government can give to them.

I would like to yield to the gentleman from California who has an academy in his district, for his observations.

Mr. LEGGETT. Mr. Chairman, I want to commend the gentleman from Massachusetts for his very appropriate remarks on the entire bill and particularly on the maritime school situation.

I know that the gentleman from Virginia has been conducting diligent hearings with his subcommittee. I would hope that we would have established by our testimony before the committee that the figures we are working with in this bill of $375,000 for grants to schools, on the basis of $75,000 to each school—that these figures are really 1950 figures. These were established back in the fifties and they are at least 35 percent out of line with our current cost of living as we are experiencing it at the present time.

It was my understanding that we are really not asking for any construction changes, but to improve the conditions of the merchant marine academies to allow them to keep pace with the cost of living which has escalated rather rapidly and radically over the past 10 years.

Mr. KEITH. It is my further recollection that the present Administrator of the Maritime Administration is a graduate of the Massachusetts Maritime Academy.

We need this kind of man in our maritime system. It would really be a tragedy if we were to lose the input from these State academies.

Mr. LEGGETT. It seems to me particularly, that when you think of having a gun in your back, and the merchant marine 30 ships a year, we ought to at least have the same manpower input for these ships.

I would hope that taking this action here today and making this authorization will not be mutually exclusive, but a further authorization might hopefully be forthcoming from the subcommittee which is currently holding hearings on this matter.

Mr. KEITH. I wonder if the chairman could give me any enlightenment as to when, if the subcommittee does conclude its hearings within the next 2 months, such a supplemental authorization would be in order?

Mr. DOWNING. Mr. Chairman, will the gentleman yield?

Mr. KEITH. I yield to the gentleman from Virginia.

Mr. DOWNING. I would assume that a supplemental authorization would be in order, but whether or not that would be the most practical method of getting such legislation passed I do not know. I can assure the gentleman that as soon as we receive the studies, we will resume sitting and we will pursue the matter vigorously.

If it is the judgment of the subcommittee that funds should be increased, we will do so in the most expeditious way possible.

Mr. KEITH. Then we will await some word as to when, for planning purposes, we might look forward to a favorable report to our committee.

Mr. DOWNING. I can assure the gentleman that we will give the matter study.

Mr. GARMATZ. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia (Mr. HAGAN).

Mr. HAGAN. Mr. Chairman, I rise in support of H.R. 15945, to authorize appropriations for certain maritime programs.

This bill contains funds for, and spe-

cifically directs, the continued operation of the nuclear ship *Savannah*, with an authorized appropriation of $4 million. This sum includes the $1,700,000 deleted from the request for funds for research and development.

The record reflects 8 years of highly successful and safe operation of the NS *Savannah*, and the continued operation of the ship would serve the most useful purpose by opening the world's martime ports to nuclear-powered commercial vessels.

Continued joint efforts of the Maritime Administration and the Atomic Energy Commission, through continued operation of the NS *Savannah*, would prove that a nuclear-powered ship could be operated at reduced cost, and show that drum-tight safety precautions are not required to put this ship into commercial ventures.

The prestige of the United States as a maritime nation would be enhanced by continued operation of the world's first nuclear-powered merchant vessel. Unrelenting efforts of such maritime nations as the Soviet Union, West Germany, and Japan to develop and operate nuclear-powered commercial vessels adds emphasis to the dire need for this country to continue operation of the NS *Savannah*.

I respectfully urge the support of my colleagues for H.R. 15945, to keep the NS *Savannah* on the high seas, charting the course for the future of nuclear-powered merchant vessels.

Mr. MAILLIARD. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. HOSMER).

Mr. HOSMER. Mr. Chairman, I rise to speak in connection with the subject mentioned by the gentleman immediately preceding me in the well, which is the continued operation of the NS *Savannah*. I am not going to offer an amendment to strike money for that out, but I do oppose the action by the Merchant Marine Committee to subsidize continued operation of the ship. I oppose it for several reasons, but mostly because each of the reasons given in the report of the Merchant Marine Committee for keeping the ship in operation is specious.

Let us look at the first one. It is contended that the *Savannah* will serve a useful purpose by opening up the maritime ports of the world to nuclear-powered merchant vessels. As a matter of fact, as of now the *Savannah* has opened up 73 ports in 25 different countries. It has done its job of opening up ports.

In addition to that we must realize that each ship with a new nuclear powerplant must open up its own ports. The *Savannah* has not opened up a single port for second generation merchant ships with nuclear power when they come along. The German nuclear ship *Otto Hahn* has been going essentially on cruises to nowhere. It has a different powerplant than the *Savannah* so the *Savannah* was unable to open up any ports for it. The Germans wish that instead of the *Otto Hahn* they had bought a 10-foot pole not to touch it with.

When we do get a second generation maritime nuclear powerplant, that will be the time to open up the ports to the second generation ships. It will not do this cause any service to continue operating the *Savannah*.

The second reason given in the committee's report for its action to continue operation is that they want to relax the safety rules and regulations under which the nuclear-powered *Savannah* is operated. If there is one thing that the American public does not want, and one thing that the rest of the world does not want, it is any diminishment of nuclear safety regulations. This ship to my knowledge is operating under regulations for safety which are no more stringent than required for public safety. If at any time we put to sea ships operating under less than stringent safety precautions, we are going to be in trouble. There are many conventional ships today under foreign flags not operating under stringent safety precautions. Those are the ships that are breaking up and spilling oil and getting into other troubles.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield for a question?

Mr. HOSMER. I yield to the gentleman from California (Mr. MAILLIARD).

Mr. MAILLIARD. Mr. Chairman, I would be inclined to agree with the gentleman that the wording in the committee report on safety is somewhat misleading. At least what I thought we brought out during the hearings was that the *Savannah* would be a continuing useful vehicle by which we might determine whether existing safety standards could be produced at less expense. We did not quite word it that way, but that is what we wanted to say.

Mr. HOSMER. Whenever they come, the second generation nuclear-powered plants will have different safety regulations and different safety features built into them, so the *Savannah* is not going to help us very much whenever the new plants come along.

I might say the *Savannah* has never been denied entry into any port on safety grounds. Two countries have denied the *Savannah* entry, they are Japan and Turkey, but not for safety reasons. The reason is their liability laws and ours are in conflict. They have unlimited liability and we operate the *Savannah* under a $500 million liability limit.

The third reason given by the committee for this extension of subsidized operation is that there would be a pool of manpower maintained, that is, nuclear trained manpower capable of manning future nuclear-powered ships. But there are not going to be any more nuclear-powered ships for at least 5 to 10 years, simply because it takes that long to do the research and development on a powerplant and longer to get a ship built.

You are not going to need this pool for a long time and it is wasteful, meanwhile, to maintain it. It would be much cheaper to train new nuclear sailors to man new maritime nuclear powerplants when they arrive on the scene.

The fourth reason given by the committee is that the prestige of the United States will be enhanced by the continued operation of the *Savannah* on the high seas. Let us look at this prestige matter. The *Savannah* was originally constructed on the argument that it was going to bring us a lot of prestige.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MAILLIARD. Mr. Chairman, I yield the gentleman 4 additional minutes.

Mr. HOSMER. I thank the gentleman for yielding me the additional time. It did bring us prestige. That mission has been accomplished by the *Savannah*. Actually, today, the way she has to operate, she has been turned from a silk purse into a sow's ear. She is not the showboat that she was and she is not the passenger carrier. This is a freighter operation by a ship which is not really designed for freight operation. Although you may contend that it is prestigious for us to have a ship like this on the high seas, I do not feel that way about it. I just do not see it.

Now, the fifth and last reason given by the committee for its action is that retiring the *Savannah* would not save much money. It cites a difference there of $1.7 million to lay her up and $4 million to operate her. But if you operate her this year for those reasons, then you will operate her next year and the year after that and the year after that for the same reasons. When you start adding the subsidies up for 5 years, the cost will be $17 million, compared to the $1.7 million cost to lay her up. In 10 years it would be $34 million, and so forth.

Let me say here that there is an answer to the nuclear merchant marine problem. I would hope that maybe this year and next year we can all get together on it. What you have to have to have a successful nuclear merchant marine is a powerplant that is economic—economic in cost, economic in size, and economic in weight. None of these are a characteristic of the *Savannah's* powerplant. You have to make these powerplants smaller than they are. The shipping companies in this country have never agreed on what they want—what shaft horsepower, what geometry, and what weight they want—for their nuclear powerplant. If we can get them to agree on standard specifications, we can R.&D. and manufacture plants that can be carbon copied by the whole industry and thereby approach or actually become economic for general use. Then we will have something that we can work with.

Now the second thing we have to do to get the plant down in size and weight to where you have a reasonable amount of cargo space is to go up in the enrichment of the nuclear fuel. You are trying to operate these ships now with the same enrichment in fissionable U–235 as you operate big land-based central electrical power stations. That just does not make sense. You have to go up on enrichment so that you can go down in shipboard in powerplant size and weight. To do that the Navy will have to let loose of a few of the classified technologies that it has for doing this very thing.

Mr. Chairman, a third thing you need in order to bring a second generation of maritime nuclear plants into being—economic plants—is money. It will take from $50 to $100 million to R and D this

through the land prototype stage to a second generation of nuclear maritime propulsion plants in being. This money is unlikely to come out of the Congress and unlikely to come out of the financially hard-pressed shipping industry. But it can come from a source that I think it should have come from a long time ago. We Americans have the knowhow to bring off this project successfully. The remainder of the free world maritime nations have a need for the powerplant. Let them put up the money and let us put up the knowhow. Then we can get on with the job of a standardized universal plant for maritime propulsion which can be carbon copied by ourselves and our allies in the free world. By this means we can solve a problem without any additional burden to American taxpayers. And, sharing this powerplant with others will not cause us to be disadvantaged competitively for the reason that in the competition between maritime vessels of the world engine room costs are a very small factor.

Mr. GARMATZ. Mr. Chairman, I yield 3 minutes to the gentleman from New York, a member of the committee (Mr. BIAGGI).

Mr. BIAGGI. I thank the chairman.

Mr. Chairman, I rise in support of this bill and wish to associate myself with the remarks of the chairman of the committee, the gentleman from Maryland (Mr. GARMATZ), and the ranking minority member, the gentleman from California (Mr. MAILLIARD).

Mr. Chairman, it is significant to note that while we are deliberating over this maritime authorization bill that the gentleman in the chair is celebrating the 10th anniversary of the day he was sworn into the Congress, where he has served his country and constituency with vigor and dedication. It is also more significant that the gentleman has presided over the Committee of the While House on the State of the Union while it was considering this authorization on two previous occasions.

Mr. Chairman, hopefully, this will mark the beginning of a complete turn around in the trend of the maritime industry. The maritime industry in the United States of America is bordering upon total obsolescence. This is a significant step which should reverse that trend.

Mr. Chairman, when the administration presented its proposals for the fiscal year 1971 maritime authorization to Chairman GARMATZ' committee, that bill reflected the economic pressures faced by the administration, the Nation, and this Congress. But it also reflected a conviction that the American merchant marine must be revitalized. In other words, that bill was a realistic approach to a critical maritime need during a critical economic period.

I think it is important to emphasize that Chairman GARMATZ' Committee on Merchant Marine and Fisheries also reported out a realistic bill, following its comprehensive executive sessions on this legislation. The bill now being considered by the House had only one increase—that was for $2.3 million, and that amount was added to retain the operation of the *Savannah*. Certainly that is a small amount to pay for the benefits—both direct and indirect—that can be achieved through continuing the operation of America's only and the world's first nuclear-powered commercial vessel. The chairman has already outlined these benefits, so there is no need to elaborate on the justification of this small increase in the administration's original budget request.

Mr. Chairman, I do not think it is really essential to further expound on the essential nature of the bill being considered by the House today. I therefore urge its expeditious passage.

Mr. MAILLIARD. Mr. Chairman, I have no further requests for time.

Mr. GARMATZ. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. I thank the chairman for yielding.

Mr. Chairman, when this bill was considered last year I raised the question as to what kind of vessels you were going to build, and what kind of materials you were going to haul once they were built. I never did get an answer to those questions although that occasion started a series of questions down at the Maritime Commission and there has been a series of letters with reference thereto.

Today I am concerned about this bill as I was concerned the last time.

The Congress is asked to appropriate $427 million for the revitalization of our merchant marine fleet.

I am not objecting to the building and strengthening of our marine fleet because obviously we do need a strong merchant marine fleet. What I am concerned with is the fact that the Congress is not told where the money goes. We are told that about $200 million goes for construction and acquisition of new ships. However, we are not told for what these new ships will be used, where they will come from, or what they will haul.

There is another $193 million allocated for subsidies. The question is: Who actually gets the subsidies and for what purpose and what kind of material will they be hauling?

I want to ask the chairman again if he has any idea as to what kind of vessels are going to be built for this kind of money.

Mr. GARMATZ. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the distinguished chairman.

Mr. GARMATZ. I do not think there is any way to tell the gentleman what type of vessel will be built. The administration will consider them on their merits as the applications are made. They could be passenger vessels, dry cargo vessels, tankers, or any other sort of ship. There is no way of telling what the Administrator is going to do.

Mr. PICKLE. In other words, the Congress is being asked to vote to authorize the expenditure of $427 million and yet we do not have any idea what kind of ship the Maritime Commission will approve and build?

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from California.

Mr. MAILLIARD. I think what the chairman has said is correct, except if the gentleman will read our hearings, the gentleman will find that there were some discussions. We cannot ever be absolutely positive because the Government is not building these ships for its own use. It is a partnership arrangement between private industry and the Government. However, we do know from the Maritime Commission that we can anticipate for the first time, incidentally, in many years that some of this money will hopefully go for providing bulk dry cargo carriers which is our greatest deficiency. We have virtually none under the American flag at this time. We hope that under this program in the next few years we will build some of these carriers.

The gentleman also mentioned the operating subsidy. Well, we do know precisely what ships they will build, and according to the law it is to preserve the U.S. participation on essential trade routes which are designated to serve our foreign commerce.

According to the law, it is to preserve the U.S. participation on essential trade routes which are designated to service our foreign commerce. And at the moment these are all dry bulk cargo ships except for a few modern container ships and some other modern designs, but still basically general cargo, not bulk cargo.

Mr. PICKLE. Last year in contacting the Maritime Commission they admitted that they were perhaps trying to build two different types of vessels, one a vessel that would haul petroleum products, and at that time two big supertankers were contemplated for construction that could haul petroleum in the Northwest Passage.

The committee did not think they were included, yet in the hearings it did indicate, and the Maritime Commissioner indicated that was one of the types of construction.

If they are going to try to build primarily the dry bulk cargo type vessels, then I wonder what they are going to haul in them, and I want to know are they going to haul material into this country that would be in unfair competition to our domestic industries?

Before the chairman answers, I am mindful of the fact that if it is a foreign vessel we cannot control it, but if they are vessels that are going to be built and provided for with this differential subsidy, do we have any assurance that the Maritime Commission is not going to allow products to be hauled in those vessels in unfair competition with our own domestic industries——

Mr. MAILLIARD. Mr. Chairman, if the gentleman will yield, whether we build these ships or whether we do not, world shipping is going to provide ships for any commodities that can be sold competitively in this country. So this question is not involved here in any way because if they are not carried by American-flag ships they will be carried by foreign-flag ships.

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

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

Mr. GROSS. Mr. Chairman, the gentleman from Texas is raising some very

vital questions concerning this bill, and they are questions that deeply concern me also.

The gentleman from California speaks of hauling competitive products into this country. They are not competitive when they come in under low transportation costs, especially, in the first place, when they are made with cheap labor, and then come in under foreign flags, that is not competition in the sense of true competition.

I am also disturbed because it seems to me that the first-year costs of this, as I understand it, is about $200 million for 19 vessels. And if my mathematics are right that is around $10 million per vessel.

Mr. PICKLE. That is approximately correct.

Mr. GROSS. That is a lot of money, and I have not heard—and the gentleman has raised the question—what types of ships we are about to construct. I am afraid the gentleman from Texas has not received a very good answer up to this point.

Mr. PICKLE. I thank the gentleman from Iowa.

Last year, Mr. Chairman, you could not give me some indication of the type of vessel that was to be built, and again this time you cannot give a direct answer.

It seems to me that to say it depends upon what type of vessel we have applications to build is not a sufficient answer to the question of where the money is going. I think if the Congress is going to build 19 vessels—and that is what the gentleman from California has indicated—that we ought to know what type of vessels they are going to be, and what they are going to haul in them.

Mr. MAILLIARD. Mr. Chairman, if the gentleman will yield, we can tell approximately the type of vessels because they are spelled out in the hearings, if you wish to read them, because we know what applications have been submitted. Now, which ones will be taken up first we do not know with absolute certainty, but we know within the range of the few types of vessels what our size vessel capacity is going to be.

Exactly what they are going to carry, of course, we do not know, because we cannot control it. It depends on what cargoes are offered for them to carry in an internationally competitive situation, and nobody can determine with assurance what kind of cargo is going to be carried by vessels which possibly will not come off the ways and go into service for another 2 or 3 years, and we do not know what products will be moving in international trade at that point.

Mr. PICKLE. The gentleman is bound to know approximately the type vessel, and product to be hauled.

Mr. MAILLIARD. I think we already have indicated we know generally the type of vessel that is going to be built for general cargo—the type that is now carried by the dry bulk cargo fleet of ships which is being replaced in part.

We also know generally what kind of ores are now being hauled by the dry bulk cargo carriers. We would like to take that business now being carried by foreign flag vessels, at large a large cost to the U.S. balance of payments, and we would like to see some of that go to American flag vessels and keep money at home.

Mr. PICKLE. Mr. Chairman, I want to make it plain to this House that I think it is not appropriate that we have not spelled out more clearly the possibility of competition that these vessels might make to our own domestic industry. I raised the question a year ago. There were some plans afoot then to use the differential subsidy to actually haul in araganite from the Bahama Islands into the gulf coastal areas at almost half the cost that the limestone industry in the United States would compete against. I say that that would be unfair competition.

I want to have an assurance, if somebody can give it to me, that these 19 ships are not going to be hauling these kinds of products in competition with our own industries.

Mr. MAILLIARD. Mr. Chairman, you cannot give the Government such a guarantee, if this is an economical operation, it can be done under foreign flag ships with the cheaper labor both in construction and operation of the ships and unless we can get some kind of international agreement, we have no control over this.

These ships will not affect this situation one way or another, I can assure the gentleman.

Mr. PICKLE. If I can get some assurance out of this debate, I would appreciate that.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman.

Mr. VANIK. I think the gentleman from Texas is making a very helpful contribution to the discussion of this bill.

I am in support of a strong merchant marine. I think it is very important. But I am concerned about the priorities that this legislation provides.

Last year when we were talking about a 15-percent increase in social security benefits, it was called inflationary. We dealt with other programs that are of importance to the people, like an education bill and other issues, and it was called inflationary.

This bill authorizes some 1971 expenditures of rather considerable dimension.

I am just wondering whether the gentleman is satisfied that these are not deferrable and there is not something that can be put off until another year.

Going to the question of ships in mothballs, we have a good part of the usable merchant fleet still in mothballs.

Mr. PICKLE. May I answer the gentleman briefly. Of course, I am not as familiar with the figures as members of the committee.

But a reading of the report shows, I believe, construction funds are $81.2 million over fiscal year 1970 funding while operating subsidies are a little less.

Now the gentleman raised a good point because here we were asked not to override a veto of the education bill because it was inflationary. Yet, here we are with some $81 million over the funds requested last year and when the bill was considered last year, it was $29 million over and above what the committee recommended. The administration had recommended this extra money.

So the gentleman does raise an interesting question as to the proper priority. The point is that when we are ready to build 19 vessels, but not increase education and welfare spending, we may not be putting the proper emphasis on education and on increases in social security benefits and other needed benefits.

I just want to say, and I do not want to give the impression that I would not want to see a strong merchant fleet built here, but I think the Congress has the right and duty to ask exactly how $427 million is going to be spent. Also, when we ask this question I think we ought to get more than just a general answer. After all this questioning, I still do not know too much about the type of ships that will be built or what they will haul.

You are asking us to accept a lot on faith. I just think we ought to proceed a little bit more openly when we consider this type of legislation.

Mr. GARMATZ. Mr. Chairman, I yield 5 minutes to the gentleman from Maine (Mr. HATHAWAY), a member of the committee.

Mr. HATHAWAY. Mr. Chairman, I commend the chairman for the diligent effort he has made in bringing this bill before the House. I think it is equitable and should be passed.

I do have one reservation with respect to it, and I had planned to offer amendments to comply with that reservation. That was to increase the amount of money going to the State maritime academies. I intended to try to amend that particular section, to increase it to $2,700,000, which would give an increase of $75,000 per academy. This increase would require a second amendment, which I had intended to offer to amend the Maritime Schools Act to allow the Administration to pay up to $150 per school rather than the $75,000 which is in the act at the present time.

However, I understand that the second amendment would not be germane, and that that point of order would be raised against it.

Consequently, I shall not introduce either of the amendments, because an increase in the total authorization would do no good whatsoever without an increase in the authority of the Administration to pay the schools the additional amount.

However, I want to make clear to the committee and to the Members present that the additional funds are direly needed. The gentleman from Massachusetts (Mr. KEITH), the gentleman from California (Mr. LEGGETT), and the gentleman from Virginia (Mr. DOWNING), have amply presented the case for an increase which is long overdue. Unfortunately, we have not had a report from the Administration as yet. A report was due January 15. Otherwise, this bill would have been reported out and probably voted on on the floor by this time.

But I have been assured by the chairman of the subcommittee, the gentleman from Virginia (Mr. DOWNING), that we will get this report shortly and that

this bill will be reported to the full committee and presumably will reach the floor sometime this spring.

Figures reviewed by the Committee on Merchant Marine and Fisheries indicate clearly, Mr. Chairman, the need for the increased authorization. These figures show that the original Federal grant to State maritime academies comprised some 23 percent of the maritime academy budget, and that when, in 1959, State contributions brought the Federal portion down to 5.4 percent, an increase was felt to be justified in the Federal grant. And so in 1960, the grant was increased to the current $75,000 level and the Federal percentage rose to 16.5 percent. Since that time, however, State support has accelerated to the point where the Federal percentage is about what it was in the mid-fifties, shortly before the adjustment to $75,000.

Not long ago, Mr. Chairman, I received the results of a survey of Maine Maritime Academy graduates, showing that 37.2 percent of the school's entire alumni is at sea and 58.9 percent is either in the Armed Forces or the merchant marine ashore. It would be interesting, I think, to learn what percentages of persons graduated from other federally aided institutions still remain in the vocation for which they were trained. I doubt they would even come close to those established by the Maritime Academy graduates.

These percentages, Mr. Chairman, are sound proof that the Federal money being invested in the young men at our five maritime schools and in the future of the merchant marine service is being invested wisely. And they offer a sound illustration that the academies in Maine and Massachusets, New York, California, and in Texas have indeed established impressive records of training and motivating the kind of young men who can meet the challenges of rebuilding a thriving and modern merchant marine.

In order for them to adequately continue to do so, however, the amount of Federal funding must be increased. These academies should not be expected to maintain their present level of quality while subsisting on a level of support that was established more than a decade ago.

Mr. ANNUNZIO. Mr. Chairman, I consider it an honor to support Congressman GARMATZ in urging rapid passage of H.R. 15945. I believe as he does—and as do many Members on both sides of the aisle—that this is a most important piece of legislation. Certainly, it is far more than just another annual maritime authorization.

All of us are now aware, I am sure, of the administration's new maritime program, which calls for the construction of 300 new vessels to replace our dangerously obsolete and woefully inadequate commercial fleet of today. I am also sure that all of us are equally aware of the importance of that fleet to our Nation's economic health and national defense.

This 10-year program is an ambitious one and an essential one—but it is also a complex one, and it will take time to give it the necessary momentum. Time is one thing we are running out of rapidly. We need new ships. We need them now. This authorization bill will give us the momentum and give us enough ships to implement the initial thrust of the long-range program. This bill will authorize sufficient funds to provide approximately 19 new and nighly competitive vessels. In other words, it will bridge the gap, overcome our inertia and provide the momentum we need until we can reach the 30-ship-a-year level so widely recommended.

Mr. Chairman, a vote for this bill is a vote for the future success of the American merchant marine. I, for one, would not miss this opportunity to participate in what may well be a significant landmark in America's maritime history. I am confident that the House will agree with me in that sentiment, and pass this important legislation.

Mr. ROGERS of Florida. Mr. Chairman, I join my distinguished chairman in support of this bill, to authorize funds for maritime activities for the coming fiscal year. It is a sound, well thought out and well considered bill. Our committee examined, in detail, each item and questioned most exhaustively the Maritime Administrator in executive session hearings before our committee.

For a number of years past, the legislation authorizing the construction of merchant vessels has been on a hit-or-miss patchwork basis. We have authorized the construction of about 10 vessels a year—this at a time when many more than 10 vessels were being retired from the fleet each year because of age.

Each administration, over the past 20 years, has expressed firm belief in a strong American merchant marine, and each has expressed full support of the principles and policies of the Merchant Marine Act of 1936. But here is where the support for America's maritime industry has stopped.

Little or no concern has been given to the well publicized buildup of the merchant marines of the bloc countries, particularly the Soviet Union. Little concern has been given to the fact that over 75 percent of our merchant vessels were built during World War II and are, therefore, now over 25 years of age.

So, Mr. Chairman, it is with a great deal of enthusiasm that supporters of the merchant marine here in the Congress now see the light of a new day for America's maritime strength. We see in the new maritime program, which will be initiated by the passage of this bill, containing funds to get us on the way to the restoration of this country to its rightful place among the maritime nations of the world.

Mrs. MINK. Mr. Chairman, I rise in support of H.R. 15945, legislation to authorize appropriations for our Nation's merchant marine program in fiscal year 1971.

As a Representative from our Nation's No. 1 maritime State in terms of the impact of sea transportation on our State economy, I strongly favor the bill before us today. By enacting this legislation, we will be taking the first step toward revitalization of the U.S. merchant marine during the decade of the 1970's—a goal which I heartily endorse.

The visionary objective of this far-reaching program is to virtually rebuild our merchant marine fleet. We need to build 300 new merchant ships over a 10-year period, a rate equal to 30 ships per year.

The $199.5 million authorization in this bill anticipates contract awards for 19 ships in 1971, compared with 10 which can be funded in the current fiscal year. The Maritime Administrator has advised that the new maritime program calls for reaching a level of 30 ships per year by 1973. He anticipates maintaining that shipbuilding rate in the decade of the 1970's to accomplish the 300 ship goal.

This type of program is what has long been needed by our country to regain its position as the world's leading sea power. These new ships will be of immense benefit to Hawaii and the rest of the Nation as we expand our trade opportunities and contacts with the rest of the world over this challenging decade ahead.

During my entire service in Congress I have supported without fail each and every bill brought to the floor of this House to benefit and expand our Nation's merchant marine fleet. I am proud to continue that consistent record by voting today for H.R. 15945. I urge my colleagues to do likewise and give this much-needed bill overwhelming approval.

Mr. MURPHY of New York. Mr. Chairman, the House acts today to authorize certain appropriations for America's maritime program, covering acquisition, construction, and reconstruction of vessels; operating-differential subsidies; reserve fleet expenses; maritime training; aid to State marine schools; and the vessel operations revolving fund.

It is important that the House give this vital authorization a resounding vote of confidence and approval because it represents the first step in a new national commitment to rebuild and revitalize our merchant marine.

Our national objectives in foreign commerce and defense require a strong, diversified, and up-to-date merchant marine to compete in the world market, to maintain a favorable balance of trade and payments, and to augment the defense establishment in national emergencies.

This bill authorizes appropriations in the sum of $427 million, and includes a substantial increase of $81.2 million over 1970 funding for the acquisition, construction, or reconstruction of vessels. This money will provide funds for contract awards for 19 ships anticipated in 1971, compared to 10 which can be funded in the current fiscal year. As you know, the President's maritime program calls for reaching a building level of 30 ships per year by 1973. We should do nothing less than embrace the President's goal, which will provide 300 new ships by the early 1980's.

This authorization also includes funds for maritime training at the Merchant Marine Academy at Kings Point, N.Y., which I am honored to serve on the Board of Visitors. It further provides for assistance to State marine schools which serve a vital role in the Nation's maritime education effort.

This combined education authoriza-

tion will permit an intensification of the Academy's modernization program for cadet housing, and replace outdated and obsolete waterfront facilities used for instruction.

The aid to State marine schools provides for some increased enrollment, and for additional maintenance and repair needs on school training ships. The five participating schools are located in California, Maine, Massachusetts, New York, and Texas, and provide a necessary and excellent source of well-trained marine officers.

Mr. Chairman, we must have a stronger and more capable U.S. merchant marine in the years ahead to carry our foreign commerce and to support our military departments in national emergencies. The time to begin replacement of our obsolete merchant fleet is upon us.

This bill is the opening shot in the new program. I support the objectives of this program because I support the return of the United States once again as the leading maritime nation in the world.

Mr. ANDERSON of California. Mr. Chairman, I rise in support of H.R. 15945, the 1971 maritime authorization.

In 1970, it is clear that American-flag ocean shipping is in trouble. Today, the privately-owned American merchant marine consists of about only 900 ships, and about three-quarters of these are 20 years of age, or older. In addition, only about 10 percent of these 900 ships have a speed of 20 knots or more.

We have stood by and watched the United States drop from first position as a merchant maritime power to sixth place. We rank a tired 15th as a merchant shipbuilding nation.

The net result is that while the world merchant fleet has increased slightly more than 60 percent in the last 15 years, the fleet flying the American flag has decreased by slightly more than 24 percent.

I do not want to dwell on the past—I am more interested in the future.

The maritime industry is vital to our national economy in terms of high employment and a healthy balance of payments. It is of equal importance to our national defense and the success of our foreign policy. We must start now to develop a national maritime policy which will build modern and competitive ships in American shipyards, to be registered under the American flag, and to be sailed by American seamen.

This bill, which increases the authorization for ship construction in 1971 by almost $55 million, is a much needed step in the right direction. I commend the members of the Merchant Marine and Fisheries Committee for their foresight and for their fine efforts in behalf of this dying industry.

In addition, I commend the President for recognizing the need for revitalizing the maritime industry. This is a problem of national concern and must be dealt with in a nonpartisan way.

I feel that the shipbuilding program envisioned in H.R. 15945 will do much to begin to replace the currently outmoded, unsafe, and uneconomical ships that now carry the American flag.

Mr. FEIGHAN. Mr. Chairman, I rise in support of the bill now pending before the House.

The funds which will be provided by this legislation will mark the cornerstone of a new era for our American merchant marine. After years of frustrating activity on the part of the Merchant Marine and Fisheries Committee, it has been most gratifying in the past 2 months to hear outlined in detail the plans which the new administration has proposed to the Congress for revitalizing our merchant shipping.

Of great significance to the program are the provisions in this bill for the construction of vessels and for research and development activities. Over the past years, we of the Merchant Marine Committee have struggled valiantly, but in vain, to make available adequate funds in these two areas. The new Maritime Administrator, Andrew Gibson, has demonstrated a keen awareness of the deficiencies with which we have struggled, and has proposed a real substantial beginning to what we all hope will be a successful rebuilding of America's maritime strength.

Mr. CONYERS. Mr. Chairman, I think an explanation is necessary to explain my vote against the Coast Guard authorization for fiscal year 1971. I am not against the development of the Coast Guard, or aids to navigation or oil spill cleanup equipment. However, the bulk of the money in this authorization bill, $59 million, will go toward the construction of polar icebreakers which lead oil tankers through the Northwest Passage. These, in my judgment, are at best of deferrable priority. The committee report on this bill states that operational improvements have been made on the present icebreakers which will make them usable until the middle of this decade. But I seriously question the Federal Government's seeming subsidy of the multibillion-dollar oil industry. Why cannot the oil industry finance their own icebreakers?

Can anyone say the need for icebreakers is as urgent a concern as the underfinanced programs to feed the hungry in America? Last Saturday in Chicago I joined with Rev. Jesse Jackson, the dynamic leader of Operation Breadbasket, in their war against hunger campaign. Before I cast my negative vote today, I asked myself, is $59 million for icebreakers consistent with a priority as urgent as feeding hungry Americans? I must say that it is not. It so happens there are over 20 million hungry people in this Nation. There have been reports, commissions, studies from medical authorities, local nutritional observers, and White House conferences all addressing themselves to the problem. But the pressing needs of the hungry in America remain.

Mr. BYRNE of Pennsylvania. Mr. Chairman, I strongly support this bill to provide funds for maritime activities for the fiscal year 1971. Indeed, this is probably the most forward looking fund legislation, so far as the American merchant marine is concerned, that any administration has proposed for over 20 years. During my long service on the Merchant Marine and Fisheries Committee, I have worked with several chairmen in what seemed at times futile endeavors to bring about a new birth for America's maritime prestige.

During all this time, it has been no secret to any of us that the real crux of the matter was the lack of adequate financial support from the Government. There are very few things that you can do these days without money; and building a merchant fleet is certainly not one of them.

I share the concern that was expressed here on the floor of the House that moneys we authorize in this bill be spent judiciously for the construction of the best and most efficient, and most technically advanced vessels that American ingenuity can devise. At the same time, it must be recognized that we, here in Congress, are not technically qualified to dictate types and designs of merchant vessels. That must be left to the executive branch of the Government, where we have placed the discretion and the responsibility to spend these moneys as best suits the public interest.

Fortunately, we have in the new Maritime Administrator a man who graduated from one of our maritime schools, and who spent a considerable time at sea before becoming one of the country's top shipping company executives. We, in the committee, have, in the short time of our experience with Mr. Gibson, found him to be intelligent and extremely capable. Thus, it is with confidence that we ask for the authorization of these moneys for the construction of vessels—confidence that Mr. Gibson and his extremely qualified team of maritime experts will insure that this country gets full value for the money spent toward the construction of new ships.

This bill is the forerunner of the new maritime program proposed by President Nixon. With the increased moneys for ship construction and research and development, we will have made at least a start on the rebuilding of our fleet. Heaven knows, this start is coming none too soon. Therefore, Mr. Chairman, I urge approval of this bill by an overwhelming vote.

Mr. PHILBIN. Mr. Chairman, I am strongly in support of the maritime authorization bill which we are now considering in the House, and I heartily congratulate the very distinguished gentleman from Maryland, Hon. EDWARD A. GARMATZ, and his great Committee on Merchant Marine and Fisheries for their outstanding work in reporting this matter to the House.

The condition of our merchant marine is deplorable. The shocking decline of our merchant marine fleet has confounded the American people and seriously impaired the prestige of this Nation throughout the world.

I recognize that there are many reasons for this that relate to competitive conditions caused by abnormally low construction and operating costs caused in large measure by wage, salary, and material differentials.

In addition, Congress over a long period of time has failed to act to strengthen and build up the American merchant marine so that we would have a great fleet of well-constructed, modern boats

plying the high seas to every corner of the world.

This bill will give us an opportunity to reverse this sad, bewildering trend of decline which has affected our shipbuilding and oceangoing merchant marine.

While the time is long past for timely action—and indifference and neglect has taken its toll—this Congress must move now to lay the basis for the complete revival of our maritime strength, so that in time, if we persist, we will have the largest maritime fleet in the world carrying American-produced goods to all parts of the world.

I am sure that this bill will pass by an overwhelming margin, and I hope that it will be the beginning of our reawakening to the painful, dismal state of our merchant marine, and the first step in a massive effort to revitalize, renew, and build up our commercial seapower until it reaches the top-most peak.

Our position in the world, and our security needs, do not permit us to be anything but first in merchant marine strength and power. Our Nation is the freest. It must be the greatest.

Mr. GARMATZ. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That funds are hereby authorized to be appropriated without fiscal year limitation as the appropriation Act may provide for the use of the Department of Commerce, for the fiscal year 1971, as follows:

(a) acquisition, construction, or reconstruction of vessels and construction-differential subsidy and cost of national defense features incident to the construction, reconstruction, or reconditioning of ships, $199,500,000;

(b) payment of obligations incurred for ship operation subsidies, $193,000,000;

(c) expenses necessary for research and development activities (including reimbursement of the Vessel Operations Revolving Fund for losses resulting from expenses of experimental ship operations), $20,700,000;

(d) reserve fleet expenses, $4,675,000;

(e) maritime training at the Merchant Marine Academy at Kings Point, New York, $6,800,000; and

(f) financial assistance to State marine schools, $2,325,000.

The CHAIRMAN. The Clerk will report the committee amendments.

COMMITTEE AMENDMENTS

The Clerk read as follows:

Committee amendment: On page 2, line 6, delete "$20,700,000;" and insert in lieu thereof "$19,000,000;"

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 10, delete "and" at the end of line.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 12, delete the period, insert a semicolon and the word "and".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the last committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, following line 13, insert the following:

"(g) continued operation of NS *Savannah* (including reimbursement of the Vessel Operations Revolving Fund for losses resulting from expenses of experimental ship operations), $4,000,000."

The committee amendment was agreed to.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

We have been reading the last few days about the operation of an American-owned tanker under a foreign flag. What is there to prevent the operation of these costly vessels under foreign flags?

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. MAILLIARD. Mr. Chairman, under existing law, these vessels cannot be transferred without the special permission of the Maritime Commission.

Mr. GROSS. So it is left to the discretion of the Maritime Commission whether these vessels, even though new, could be transferred and operated under foreign flags. Is that correct?

Mr. MAILLIARD. As I understand it, if there is a contract obligation of any kind—which there would be in the case of subsidized vessels—they cannot be transferred to foreign flags. I suppose if all those obligations are somehow settled—and as far as I know, this has never happened, and I cannot conceive it would happen on the vessels authorized here.

Mr. GROSS. But it could happen that the vessels to be constructed in this program could be so transferred and operated with all the low costs and tax preferences of such foreign operation.

Mr. MAILLIARD. I can assure the gentleman the Administrator would be in awfully hot water with our committee awfully fast—and I cannot conceive of it being done.

Mr. GROSS. I would hope so.

The CHAIRMAN. Are there any further amendments?

There being no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GILBERT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 15945) to authorize appropriations for certain maritime programs of the Department of Commerce, pursuant to House Resolution 873, he reported the bill back to the House with sundry amendments adopted by the Committee on the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

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

The SPEAKER. The question is on the passage of the bill.

The question was taken.

Mr. PICKLE. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas, 371, nays 12, not voting 47, as follows:

[Roll No. 46]

YEAS—371

Abbitt	Cowger	Hansen, Idaho
Abernethy	Crane	Hansen, Wash.
Adair	Culver	Harrington
Adams	Cunningham	Harsha
Addabbo	Daddario	Harvey
Albert	Daniel, Va.	Hastings
Alexander	Daniels, N.J.	Hathaway
Anderson, Calif.	Davis, Wis.	Hays
	de la Garza	Heckler, Mass.
Anderson, Ill.	Delaney	Helstoski
Anderson, Tenn.	Dellenback	Henderson
	Denney	Hicks
Andrews, Ala.	Dennis	Hogan
Andrews, N. Dak.	Dent	Holifield
	Derwinski	Horton
Annunzio	Devine	Howard
Arends	Dickinson	Hull
Aspinall	Dingell	Hungate
Ayres	Donohue	Hunt
Barrett	Dorn	Hutchinson
Beall, Md.	Downing	Ichord
Bell, Calif.	Dulski	Jarman
Bennett	Duncan	Johnson, Calif.
Berry	Eckhardt	Jonas
Betts	Edmondson	Jones, N.C.
Bevill	Edwards, Ala.	Jones, Tenn.
Biaggi	Edwards, Calif.	Karth
Biester	Edwards, La.	Kazen
Bingham	Eilberg	Kee
Blackburn	Esch	Keith
Blanton	Eshleman	King
Blatnik	Evans, Colo.	Kleppe
Boggs	Evins, Tenn.	Koch
Boland	Farbstein	Kuykendall
Bolling	Fascell	Kyros
Bow	Fish	Landgrebe
Brademas	Fisher	Landrum
Brasco	Flood	Langen
Brinkley	Flowers	Latta
Brooks	Flynt	Leggett
Broomfield	Foley	Lennon
Brotzman	Ford, Gerald R.	Lloyd
Brown, Mich.	Ford, William D.	Long, Md.
Brown, Ohio		Lowenstein
Broyhill, N.C.	Foreman	Lujan
Broyhill, Va.	Fountain	Lukens
Buchanan	Fraser	McCarthy
Burke, Fla.	Frelinghuysen	McClory
Burke, Mass.	Frey	McCloskey
Burleson, Tex.	Friedel	McClure
Burlison, Mo.	Fulton, Pa.	McCulloch
Burton, Calif.	Fuqua	McDade
Burton, Utah	Galifianakis	McDonald, Mich.
Bush	Gallagher	
Button	Garmatz	McFall
Byrne, Pa.	Gettys	McKneally
Byrnes, Wis.	Giaimo	McMillan
Caffery	Gibbons	Macdonald, Mass.
Carey	Gilbert	
Carter	Goldwater	MacGregor
Casey	Gonzalez	Madden
Cederberg	Goodling	Mahon
Celler	Gray	Mailliard
Chamberlain	Green, Oreg.	Mann
Chappell	Green, Pa.	Marsh
Clancy	Griffin	Martin
Clark	Griffiths	Mathias
Clausen, Don H.	Grover	Matsunaga
	Gubser	May
Clawson, Del	Gude	Mayne
Cleveland	Hagan	Meeds
Cohelan	Haley	Melcher
Collins	Hall	Meskill
Colmer	Halpern	Michel
Conable	Hamilton	Mikva
Conte	Hammer-schmidt	Miller, Ohio
Corbett		Mills
Corman	Hanley	Minish
Coughlin	Hanna	Mink

Minshall	Rhodes	Symington
Mize	Riegle	Taft
Mizell	Roberts	Talcott
Mollohan	Robison	Taylor
Monagan	Rodino	Teague, Calif.
Moorhead	Roe	Thompson, Ga.
Morgan	Rogers, Colo.	Thompson, N.J.
Morse	Rogers, Fla.	Thomson, Wis.
Mosher	Rooney, N.Y.	Tiernan
Murphy, Ill.	Rooney, Pa.	Tunney
Murphy, N.Y.	Rosenthal	Udall
Natcher	Rostenkowski	Ullman
Nedzi	Roth	Van Deerlin
Nelsen	Roybal	Vander Jagt
Nichols	Ruppe	Vigorito
Nix	Ruth	Waggonner
O'Konski	Ryan	Waldie
Olsen	St. Onge	Wampler
O'Neal, Ga.	Sandman	Watkins
O'Neill, Mass.	Satterfield	Watson
Passman	Saylor	Watts
Patman	Scherle	Weicker
Patten	Scheuer	Whalen
Pelly	Schneebeli	Whalley
Pepper	Schwengel	White
Perkins	Scott	Whitehurst
Pettis	Sebelius	Whitten
Philbin	Shipley	Widnall
Pike	Shriver	Wiggins
Pirnie	Sisk	Williams
Poage	Skubitz	Wilson, Bob
Podell	Slack	Wilson, Charles H.
Poff	Smith, Calif.	Winn
Pollock	Smith, Iowa	Wold
Powell	Smith, N.Y.	Wolff
Preyer, N.C.	Snyder	Wright
Price, Ill.	Springer	Wyatt
Price, Tex.	Stafford	Wydler
Pryor, Ark.	Staggers	Wylie
Pucinski	Stanton	Wyman
Purcell	Steed	Yates
Quillen	Steiger, Ariz.	Yatron
Railsback	Stephens	Young
Randall	Stokes	Zablocki
Rarick	Stratton	Zion
Rees	Stubblefield	Zwach
Reid, N.Y.	Stuckey	
Reifel	Sullivan	

NAYS—12

Ashbrook	Hosmer	Pickle
Conyers	Jacobs	Reuss
Gross	Kastenmeier	Steiger, Wis.
Hechler, W. Va.	Obey	Vanik

NOT VOTING—47

Ashley	Dwyer	Miller, Calif.
Baring	Erlenborn	Montgomery
Belcher	Fallon	Morton
Bray	Feighan	Moss
Brock	Findley	Myers
Brown, Calif.	Fulton, Tenn.	O'Hara
Cabell	Gaydos	Ottinger
Camp	Hawkins	Quie
Chisholm	Hébert	Reid, Ill.
Clay	Johnson, Pa.	Rivers
Collier	Jones, Ala.	Roudebush
Cramer	Kirwan	St Germain
Davis, Ga.	Kluczynski	Schadeberg
Dawson	Kyl	Sikes
Diggs	Long, La.	Teague, Tex.
Dowdy	McEwen	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Feighan with Mr. Belcher.
Mr. Sikes with Mr. Kyl.
Mr. Fallon with Mr. Morton.
Mr. Hébert with Mr. Roudebush.
Mr. Rivers with Mrs. Dwyer.
Mr. O'Hara with Mr. Erlenborn.
Mr. Baring with Mr. Cramer.
Mr. Teague of Texas with Mr. Bray.
Mr. Kluczynski with Mr. Brock.
Mr. Jones of Alabama with Mr. Myers.
Mr. Long of Louisiana with Mr. Camp.
Mr. Cabell with Mr. Collier.
Mr. Miller of California with Mr. Findley.
Mr. Davis of Georgia with Mr. Schadeberg.
Mr. Montgomery with Mrs. Reid of Illinois.
Mr. Gaydos with Mr. Johnson of Pennsylvania.
Mr. Dowdy with Mr. McEwen.
Mr. St Germain with Mr. Quie.
Mr. Brown of California with Mr. Clay.
Mr. Kirwan with Mrs. Chisholm.
Mr. Moss with Mr. Diggs.
Mr. Ashley with Mr. Dawson.
Mr. Ottinger with Mr. Hawkins.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. GARMATZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore (Mr. MATSUNAGA). Is there objection to the request of the gentleman from Maryland?

There was no objection.

JUST THE FACTS, MR. PRESIDENT

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

Mr. KOCH. Mr. Speaker, candidate Nixon had a secret plan to end the war in Vietnam. President Nixon has a secret timetable for withdrawing our troops from Vietnam. Because his plans and timetables are secret, the administration now will not even tell us what the war will cost in fiscal year 1971.

We know the human cost—100 American men are being killed almost every week in Vietnam. The administration cannot hide that fact though I am sure they would like to if they could.

We are told that the budget has been censored for security reasons. The conduct of a war that has consumed $100 billion and 40,000 American lives now becomes so secret that the American people who must pay for it are no longer entitled to know its cost.

I suspect the real reason that the budget has been censored is to avoid any setback in the President's public relations effort. The so-called silent majority is apparently supposed to trust the President, pay its taxes and not ask questions.

Well let me say there are still plenty of Americans who do not trust the President, who pay their taxes and want some answers to the following questions:

First. How can we judge whether the war is being deescalated if we do not know its budgeted cost?

Second. How can we be sure that the cost of Vietnam is not being shifted to pay for the fighting in Laos?

Third. How can we know if there will be any peace dividend if troop withdrawal savings are not disclosed?

Fourth. Why should we support the President's antispending policy to combat inflation if he is not prepared to tell us how much he is spending in Vietnam?

President Nixon has said:

If you tell the American people the hard truth, they will make the hard decisions.

So give us the hard truth, Mr. President, so we can make the hard decisions while there still is time.

THE ENVIRONMENTAL PROTECTION ACT OF 1970

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

Mr. UDALL. Mr. Speaker, today I am introducing what I consider to be a most significant bill, the Environmental Protection Act of 1970. I believe this measure, if enacted, could be a great step forward in our fight to save this country's ravaged environment.

The bill would do essentially four things:

First, grant all citizens a federally guaranteed right to a pollution-free environment which they have not previously had;

Second, give all citizens an effective means of enforcing the right by opening up State and Federal courts to antipollution suits by ordinary citizens against other citizens or government agencies;

Third, give citizens standing before administrative agencies to present the environment's side of the coin in the administrative process; and

Fourth, give citizens standing in State and Federal courts to challenge administrative decisionmaking where it is lax in the enforcement of existing State and Federal antipollution standards and in the implementation of environmental policy generally.

We have heard a lot lately from our elected and appointed officials on the need for sweeping Government programs to fight pollution. I agree with the need for these programs, and I plan to introduce a few of my own at a later date. But by themselves, they are not enough.

Existing and planned antipollution programs have one problem in common—they are all to be implemented solely by Government agencies. It is no secret, Mr. Speaker, that administrative agencies. often tend to be more sympathetic to the interests of the people they are charged with regulating than to the interest of the public generally. That this is so should not surprise us. The dynamics involved are diffuse public interests on the one hand versus the interests of tightly organized groups with clear and immediate goals on the other. But that this is so does not mean we must accept it.

Mr. Speaker, my bill addresses itself to this problem. It is meant to give citizens the right to participate directly in the environment fight by instituting suits, where appropriate, against polluters, be they private or governmental. It is also meant to give citizens the right to challenge administrative decisionmaking in order to make agencies more responsive to the public interest.

This bill does not represent an entirely new concept, Mr. Speaker. In other areas the Congress has given citizens the right to use the courts to redress grievances and solve social problems. One example is the antitrust laws. The treble damage section there, giving citizens a civil antitrust cause of action to compensate them for damages suffered as a result of anticompetitive business practices, has proven more effective than the section giving the Justice Department antitrust responsibilities. Why? The Justice Department must always concern itself with the political impact of its law enforcement activities on the President; the ordinary

citizen is free from such illogical concerns.

Pressures of this kind undoubtedly will continue to affect decisionmaking by agencies charged with enforcing and administering our environment laws. I am not saying that these agencies are unimportant—they are vitally important. I am only saying that we need to do as much as we can to remove our environment from the political arena. It is too important a fight to do less. The bill I introduce today would accomplish this, Mr. Speaker, and I am hopeful it may be enacted into law.

LAOS

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

Mr. ROSENTHAL. Mr. Speaker, the events in Laos graphically illustrate the need for Congress to keep a closer watch on the U.S. foreign commitments abroad.

On February 26, Secretary of Defense Melvin Laird publicly stated that President Nixon would never commit American ground forces to Laos without the consent of Congress. The House Foreign Affairs Committee, of which I am a member, should not sit back placidly and wait for the administration to keep its pledge. The committee—and the Congress—must make certain that hearings, a thorough examination of executive action, and congressional approval are prerequisites to extending American commitments overseas. Yet in Laos today this is not happening.

Mr. Speaker, no where can one observe a more flagrant disregard of public concern and congressional restraint than in Laos. President Nixon just the other day pledged to "continue to give Americans the fullest possible information on our involvement, consistent with national security."

I certainly hope this signals a new era in candor, for such a quality has been sadly lacking lately. Our sizable commitment in Laos in men and equipment has only recently been disclosed. One gets the uneasy feeling the information would have been withheld indefinitely under the catchall justification "national security" if some powerful, persistent Congressmen and enterprising newsmen had not applied pressure.

Yet it is difficult, Mr. Speaker, to have confidence in a policy which uses semantics not only to rationalize away our Government's performance but also to becloud the loss of American lives. For example, President Nixon sought to minimize U.S. involvement in Laos by declaring:

> No American stationed in Laos has ever been killed in ground combat operations.

The fact that this was not true was upsetting, even though it was later explained the President had been unaware of the death of an army captain under "combat conditions." What was really disturbing to me, however, was the administration's refusal to disclose the deaths of 25 other Americans who were killed in the line of duty in Laos.

Mr. Speaker, an American is just as dead, just as much a casualty of war, and no less a patriot, whether he is struck by an enemy shell 10 miles behind the lines or on the battlefield itself; whether he is wearing military or civilian garb; whether his duty is to fire a rifle or help the local residents plant rice.

Nevertheless, the administration chooses to make these artificial distinctions to legitimize its policies. This is a rather gratuitous if not downright contemptuous gesture to the deceased American and their families. It also chooses to rely on actions of prior administrations for justification in Laos today, not recognizing that precisely those actions have been questioned repeatedly and cogently in the case of Vietnam.

The administration's clandestine acceleration of military activity in Laos at the same time it publicly espouses a doctrine of reduction in our foreign military commitments has widened the credibility gap in this country.

Under these circumstances, Congress in general, and its foreign affairs committees in particular, must see that the President adheres to his pledge not to further extend our military obligations abroad without congressional approval. The President must also be pressed to treat his call for the reconvening of the Geneva Convention on Laos as more than mere rhetoric. Finally, Congress must exert pressure on the administration to negotiate a political settlement in Southeast Asia which, we should by now understand, will not yield to military firepower.

We can no longer sit passively by and let our blood and spirit be drained in a struggle we do not understand and sometimes out of fear or guilt do not want to understand.

If we do not snap out of our acquiescence now, we may not get another chance.

ALLAN HANCOCK COLLEGE, SANTA MARIA, CALIF., APPRECIATION WEEK

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

Mr. TEAGUE of California. Mr. Speaker, under leave to extend my remarks in the CONGRESSIONAL RECORD I include the following proclamations setting aside March 9–15, 1970, as Allan Hancock College Appreciation Week:

PROCLAMATION

Whereas, Allan Hancock College this year embarks on its 50th year of outstanding service in the field of education, having first offered academic courses in 1920 as Santa Maria Junior College with six students enrolled in its Letters and Science Program, and

Whereas, it progressed under this name with ever increasing quality in instruction and curriculum until 1954 when with an enrollment of 254 students it was renamed "Allan Hancock College" in honor of its leading benefactor G. Allan Hancock, and

Whereas, the college in 1957 embarked on a special program designed to meet the educational needs of thousands of our nation's servicemen then being assigned to a new and important space facility which was to become Vandenberg Air Force Base; this program having graduated more than 1,200 base personnel, and extended as far as Johnston Island, and

Whereas, Allan Hancock College is noted throughout the United States for its high academic standards, outstanding record in intercollegiate athletics, innovative vocational training programs, and a fine arts program of such high quality that it has been acclaimed nationally by outstanding theatrical personalities.

Now, therefore, I, George S. Hobbs, Jr., as Mayor of the City of Santa Maria, and as a 1939 graduate of the aforementioned college, remembering the time spent there as some of the most cherished days of my life, commend Allan Hancock College for its outstanding contribution to this and surrounding communities during the past half-century and proclaim March 9 through 15, 1970 as "Allan Hancock College Appreciation Week," and urge all citizens to join with the college in celebrating to show that we are happy that it is here to enrich our lives.

It witness whereof, I have hereunto set my hand and caused the Seal of the City of Santa Maria to be affixed hereto on this 17th day of February, 1970.

GEORGE S. HOBBS, Jr.,
Mayor.

PROCLAIMING MARCH 9–15 ALLAN HANCOCK COLLEGE APPRECIATION WEEK

Whereas, Allan Hancock College is a community college serving the educational needs of more than 100,000 California citizens in the Lompoc, Santa Maria and central coast area of this state; and

Whereas, Allan Hancock College began offering academic courses in 1920 as a Junior College with six students enrolled in its Letters and Science Program; and

Whereas, the college continued to progress in terms of quality of instruction and curriculum until 1954 when it had 254 students enrolled and was renamed "Allan Hancock College" in honor of the great California benefactor and philanthropist G. Allan Hancock; and

Whereas, the college is noted for its high academic standards, outstanding record in intercollegiate athletics, innovative vocational training programs; and

Whereas, the college designed and produced a fine arts program of such high quality that it has been acclaimed nationally by outstanding theatrical personalities such as Director Alvina Krause and stage performers Helen Hayes and Irene Dunne; and

Whereas, the college in 1957 embarked on a special program designed to meet the educational needs of thousands of our nation's servicemen being assigned to a new and important space facility which was to become known as Vandenberg Air Force Base; and

Whereas, the special Vandenberg Division has graduated more than 1,200 base personnel and has now expanded to the extent that it is serving our nation's civilian and military personnel stationed on Johnston Island almost halfway around the earth from California; and

Whereas, the college is often used as an illustration of a fine community college with high academic standards, outstanding sports teams, innovative vocational training programs and a student body which sees college enrollment as a serious responsibility and, therefore, conducts itself in a mature manner while in quest of knowledge and understanding; and

Whereas, Allan Hancock College this year embarks on its 50th year of outstanding service in the field of education.

Now, therefore, the City Council of the City of Lompoc commends Allan Hancock College for its outstanding contributions to the peoples of California during the past

half-century and proclaims March 9–15, 1970 "Allan Hancock College Appreciation Week."

ROBERT D. MACCLURE,
Mayor, City of Lompoc, Calif.

POINTS OF REBELLION—REVIEW OF THE FIRST THIRD OF JUSTICE DOUGLAS' BOOK

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

Mr. SCOTT. Mr. Speaker, there are a number of reasons for us to question the fitness of Mr. Justice Douglas to continue to sit on the Supreme Court and perhaps we should question him on all of these. However, at this time I would like to review the first third of his book "Points of Rebellion" and mention a few excerpts from it.

The book starts out with a reference to the constitutional protection which surrounds a citizen's belief and states how wonderful it is to live in a land where even a riot may be tolerated.

The author then goes on as follows:

He gives a discussion of the alleged historic practice of police in breaking up gatherings of minority groups out of favor with the Establishment and charging them with "disorderly conduct" and "breach of the peace";

He states that lawful assembly often boils over into unlawful conduct because of people's emotions and irrational behavior, but blames this in part on the police arm of the Establishment saying:

A speaker who resists arrest is acting as a free man. The police do not have *carte blanche* to interfere with his freedom.

A reference to national insecurity in international relations:

We have become virtually paranoid. The world is filled with dangerous people. Every trouble maker across the globe is a communist.

He indicates:

Domestic issues also have aroused people as seldom before. The release of the Blacks from the residual institutions of slavery has filled many white communities with fear.

A discussion of the corporation state and its desire "to convert all the riches of the earth into dollars" and "to produce climates of conformity that make any competing idea practically un-American."

He speaks of dilution of free speech:

Although the First Amendment says that Congress shall make "no law" abridging freedom of speech and press, this has been construed to mean that Congress may make "some laws" that abridge that freedom.

He states:

Our colleges and universities reflect primarily the interests of the Establishment and the status quo. Heavy infiltration of CIA funds has stilled critical thought in some areas. The use of Pentagon funds for classified research has developed enclaves within our universities for favored professors, excluding research participation by students.

He asserts:

The university—symbol of the Establishment—is used to having its way in a community. Its pressure is commonly applied to Black areas; as it needs to expand, Black tenements provide an easy target.

He makes references to "goose stepping and the installation of conformity as king" and a statement that, "Our search for the ideological stray, through loyalty and security hearings, has vastly accelerated our trend to conformity.";

A recitation of various questions asked and the allegation that—

Thousands lost their jobs because of these trivia. Others were suspended and turned into the outer darkness because of their membership in organizations deemed "subversive."

He is concerned with—

An ominous trend is the increasing FBI activity on present-day college and university campuses. They put under complete surveillance a member or leader of the Students for a Democratic Society group—SDS—monitoring every minute of months of his life.

He charges:

Big Brother in the form of an increasingly powerful government and in an increasingly powerful private sector will pile the records high with reasons why privacy should give way to national security, to law and order, to efficiency of operations, to scientific advancement, and the like.

He states:

Electronic surveillance, as well as old-fashioned wire tapping, has brought Big Brother closer to everyone and has produced a like leveling effect.

He specifically charges:

The FBI and the CIA are the most notorious offenders, but lesser lights also participate: Every phone in every federal or state agency is suspect. Every conference room in government buildings is assumed to be bugged. Every Embassy, phone is an open transmitter.

And he philosophically states:

As a person of worth and creativity, as a being with an infinite potential, he retreats and battles the forces that make him inhuman. The dissent we witness is a reaffirmation of faith in man; it is a protest against living under rules and prejudices and attitudes that produce the extremes of wealth and poverty and that makes us dedicated to the destruction of people through arms, bombs, and gases, and that prepare us to think alike and be submissive objects for the regime of the computer.

The second section of the book to be reviewed tomorrow is entitled "The Legions of Dissent." The book grows in intensity and builds up at the end to a justification for revolt if the Government fails to submit to the dissenters.

Is this man competent to sit on the Supreme Court? Is he worth $62,500 per year as a Government employee? Should he be impeached? These are questions the Congress should face.

A BILL FOR THE PROTECTION OF CERTAIN LABOR DEPARTMENT EMPLOYEES

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

Mr .McCULLOCH. Mr. Speaker, I am pleased to introduce today a bill which would extend to certain employees of the Labor Department the same protection of Federal law against assaults and homicides that is enjoyed by many other Federal employees.

As the Labor Department is given more law enforcement and investigative functions, it is only proper that assaults and homicides against its agents in the pursuit of criminals be treated as Federal offenses.

Other Federal employees currently enjoy such protection under section 1114 and, through reference, section 111 of title 18 of the United States Code. Section 1114 relates to homicides against particular classes of law enforcement and investigative personnel of the United States. Section 111 makes it a Federal crime to assault, resist, impede, oppose, intimidate, or interfere with any person designated in section 1114 while he is engaged in the performance of his duties.

Among Federal personnel to whom this protection has been extended are Federal judges, certain personnel of the National Park Service, the Bureau of Land Management, the Federal Indian field services, and the Bureau of Animal Industry of the Department of Agriculture.

The proposed bill would provide these same protections for officers or employees of the Department of Labor assigned to perform investigative, inspection, or law enforcement functions. Employees of the Department of Labor must assume many such duties under the Fair Labor Standards Act, the Walsh-Healey Public Contracts Act, the Landrum-Griffin Act, the longshore safety amendments and the Welfare and Pension Plans Disclosure Act amendments.

While it is true that assaults against the person, as well as homicides, are violations of law in every State, this has not been sufficient to deter aggressive acts against the persons of Labor Department agents in pursuit of their duties. Assaults against these Federal agents would be much more strongly deterred if it were well known that such acts would bring into play the full force of Federal crime detection and prosecution.

In short, Mr. Speaker, these men at the Labor Department are getting and will be receiving more assignments of a law enforcement nature. The risk to their persons accordingly is rising and, therefore, it is only proper that this additional protection, provided by the cover of Federal law, be given to them.

The bill is very much desired by the administration. I am glad to sponsor it and urge its prompt consideration by the House.

POLLUTION IN MERRIMACK RIVER

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

Mr. MORSE. Mr. Speaker, in September and October of last year, I had the pleasure of inserting into the RECORD a series of articles written by Franz Scholz, who heads the Washington bureau of the Lowell Sun, Lowell, Mass.

Mr. Scholz has long been actively concerned with the problems of pollution

and specifically, the severe pollution in the Merrimack River which runs from the hills of New Hampshire through Massachusetts to the Atlantic Ocean at Newburyport. It is the same river down which Henry David Thoreau traveled in 1839, and at the time he called it a "silver cascade."

In August 1961, 130 years after Thoreau, Frank Sholz and a young photographer-helmsman, Richard Taffe, Jr., traveled the same route Thoreau had taken to "observe the changes in the rivers and their environment since the days of Thoreau." What Mr. Scholz found, as he stated in the opening of his first article, was no longer a "silver cascade," rather, it was "a dump for raw sewage and industrial waste."

In his penetrating, well-researched and compellingly written articles, Mr. Scholz dealt with the total dimension of the pollution problem as well as its causes and extent. He discussed, not only the adverse affects of Merrimack pollution on the surrounding environment, and on the residents of the area, but he also detailed the costs of this pollution, both in terms of income lost, recreation denied, and of the price of cleaning the river.

I was delighted to learn this week that Mr. Scholz, for this truly outstanding piece of investigative reporting, has been honored by a Scripps-Howard Foundation Meeman Conservation Award.

The Scripps-Howard Meeman Awards are made annually to reporters who do exceptional work in writing about conservation. The keen competition takes in the entire country.

I know that Frank Scholz will continue to maintain the high level of excellence in reporting that is characteristic of these articles, at once informing the public and calling attention to pressing issues of public policy.

DECISION OF THE ADMINISTRATION TO DEPLOY LAND-BASED MULTIPLE WARHEAD MISSILES

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

Mr. COHELAN. Mr. Speaker, it is with great alarm that I have heard of the decision of the administration to deploy land based multiple war-headed missiles, the Minuteman III starting on July 1. Although I was aware that there was a decision to deploy the MIRVed Poseidon aboard the nuclear submarines, the decision to deploy land based multiple warheaded missiles comes as a shock. I was hopeful that the deployment of this weapons system would be held in abeyance until the SALT talks were further along.

As many of my colleagues are aware, I joined with the gentleman from Illinois, Representative JOHN ANDERSON, in introducing a resolution that received over 100 cosponsors, which would have ceased testing of MIRV until all efforts at negotiations had failed. This and similar resolutions was the topic of extensive hearings on the foreign policy implications of MIRV conduct by the able chairman of the House Foreign Affairs Subcommittee on National Security Policy, CLEMENT ZABLOCKI. Although the Cohelan-Anderson resolution was not reported out, the subcommittee did recommend that a "high priority be given to obtaining a MIRV freeze during the SALT talks." This prudent recommendation does not seem to have been followed although I am informed that in testimony before the Senate Foreign Relations Committee Secretary of State Rogers endorsed this recommendation.

It seems clear that there is no necessity for deployment of a land based MIRV at this time. I am aware, as are my colleagues, that the Poseidon program is in full gear, and is destined to be a major deterrent. I see no reason to rush ahead now with a vulnerable land-based MIRV. We must also note the conflicting estimates of Soviet progress and intentions. In its justification for further work on the Safeguard ABM, the administration has stressed the capability of the SS–9 missile as a blockbusting hardsite destruction device utilizing a large warhead. This would presuppose for the time being that the Soviets are not engaged in MIRV deployment.

As I previously mentioned, the SALT negotiations are about to resume in Vienna. MIRV deployment now would certainly be a destabilizing factor. It is argued that MIRV deployment would give the United States added leverage in the SALT conference. I dispute this argument. If in fact such leverage is needed, the present research and development program gives all parties the knowledge that the United States is capable of and ready to deploy these weapons.

Actual deployment could clearly be viewed as blackmail rather than leverage. If SALT is to succeed, we must bargain openly and fairly. There is quite a difference between obtaining bargaining leverage and "stacking the deck." I am afraid that the planned deployment is in fact "stacking the deck," and could be viewed as a lack of good faith on the part of the United States.

Mr. Speaker, at this time I call for immediate and full hearing by the House Committee on Foreign Affairs. The time is drawing short for an end to the arms race. This new development could be crucial to the success or failure of our attempt to stop the cycle of escalation. We must have a full investigation of these developments by the Committee on Foreign Affairs with a view to determine the necessity for deployment now, the effects of such deployment on the SALT negotiations, and the effects of land based MIRVA deployment of our deterrent capability.

In the light of prior subcommittee action on the MIRV moratorium resolution, it would be most advantageous to analyze the implications of the present decision.

STATEMENT OF W. A. BOYLE, PRESIDENT, UNITED MINE WORKERS

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

Mr. CLARK. Mr. Speaker, on Monday, March 9, President W. A. Boyle, of the United Mine Workers, held a press conference to answer the charges that have been made against the United Mine Workers of America. Mr. Boyle made a detailed response to many of the allegations made against his union in the press and before the committee investigating the recent UMW election. In the interest of presenting evidence on both sides, I feel that Mr. Boyle's statement should be placed in the RECORD so that the Members of Congress may have the benefit of the UMW response to the charges made against it.

The statement follows:

STATEMENT OF W. A. BOYLE, PRESIDENT, UNITED MINE WORKERS OF AMERICA

Ladies and gentlemen, members of the press and guests:

You are well aware that during the last several months serious charges involving the United Mine Workers of America and myself have been promulgated in the newspapers. On February 5th, four witnesses testified before Senator Harrison Williams' labor subcommittee, indulging in wild, reckless assertions. I requested an opportunity to appear before that committee at an early date, so that under oath, reply could immediately be made to the dastardly charges levied against our union and myself.

Let me read to you the letter I sent Senator Williams on February 19th:

"DEAR SENATOR WILLIAMS: Certain statements have been made in the press and before your committee that are not only outrageously inaccurate and defamatory to the United Mine Workers of America but also damaging to the labor movement of this country.

"I, therefore, am eager to appear before your committee and testify under oath at a public hearing in order to place before the American people a true record of the operations of the UMWA, including the recent elections, and the conduct of its leadership, including myself.

"A case in federal court involving our union is to be heard on February 24 and may still be in progress at the end of this month. I respectfully request that you schedule the appearance of myself and some of my associates in the union on March 9 or as soon as possible thereafter."

Now, I sent a second letter in my effort to obtain the earliest possible appearance before the committee. That letter dated February 25 reads as follows:

"DEAR SENATOR WILLIAMS: On February 19th I wrote you requesting permission on behalf of myself and some of my associate officers to appear before the Senate subcommittee on labor in open hearing under oath to present testimony answering the outrageously inaccurate and defamatory charges made against the United Mine Workers of America in the press and before your subcommittee. We are most anxious in sworn testimony to place before the American people a true record of the UMWA including the events of the recent election of officers.

"My letter did not identify my associate officers who were also requesting permission to appear before your committee. They are John Owens, International Secretary-Treasurer, and UMW District Presidents Michael Budzanoski, Thomas Williams and John Eagan. We urge that early invitations be issued to us and that our appearance be scheduled at your very earliest convenience."

I want to make one additional point here. I released my first letter to the press and made every effort to obtain the widest possible publication, but I saw no mention of it in any newspaper or heard of any mention on any radio or TV program. Similarly the second letter was distributed to the press and I even read it at a news conference in Pittsburgh attended by some of you here. Still nowhere in the press, radio or TV was any mention made of my effort to appear be-

fore the Senate committee and testify under oath. In fact, some news reports persisted in saying that I was unavailable.

Finally, last week, Senator Williams replied. His letter, which he released to the press, clearly indicates further prolonged delay. Since he made our communications public, I am releasing today my response. A copy will be available, but I just want to read you the opening paragraph in my response:

"Dear Senator Williams: I was chagrined to receive your letter of March 3 advising that my testimony before your subcommittee will not be taken until after you have had an opportunity to peruse a number of documents."

As I said, the full text of the letter is available on the table at the end of the news conference.

For more than a month, I have desired a proper judicial forum to respond to the outrageous charges in the press and before the subcommittee involving complicity in murder, the increase in pensions by our trust fund, blacklisting, and lies asserted by those who should know better.

I came here today to set the record straight; to give you the facts. I recognize that this forum lacks the status of the legislative branch of government. Having been denied such a forum, I hereby solemnly swear to Almighty God to tell the truth, the whole truth, and nothing but the truth.

Arrangements have been made to have this entire press conference tape recorded in addition to having a written transcript made so that it will be available to the proper legislative body. I hope in this way to emphasize my determination to clear the air of misstatements and to lay down the entire truth as I know it.

In early January, I, along with the entire country, was shocked to learn of the tragic criminal deaths of Joseph Yablonski, his wife and daughter. All too many other similar tragic, criminal deaths are occurring in this country.

During the past two months, I have been vilified by the news media to the extent that television networks have permitted individuals to accuse me of being involved in murder. A Washington, D.C. newspaper has editorially suggested that the international officers of this union should take lie detector tests to prove their innocence. I categorically deny these scandalous, insulting accusations.

Through the fine professional efforts of the Federal Bureau of Investigation, the suspected Yablonski murderers were quickly apprehended. Others allegedly involved in this criminal conspiracy have been apprehended and indicted. One of them is Silous Huddleston, father-in-law of one of the suspected murderers. According to our records. Huddleston is an officer of a local union in Tennessee. Since his indictment the press has consistently attempted to personally link me with this individual. I have repeatedly stated that I do not know Silous Huddleston and have no recollection of ever having met him.

This type of reporting has resulted in a report contained in the March 6th issue of Newsweek Magazine which states that Boyle is said to have given Huddleston a nickle-plated .38 pistol as a token of esteem. I would like to repeat that phrase "is said to have given." Who said? The article does not indicate. Ladies and gentlemen, has journalism fallen so low that an attack of this kind can be made by innuendo without attribution? Again, I emphasize, without attribution. The statement is an outright lie!

I have never owned or given anyone a pistol. What particularly bothers me is not merely the wild accusation involved, but the fact that a presumably responsible reporter made no attempt to ascertain the truth of the allegation prior to publication.

Moreover, at my press conference in Pittsburgh on February 26, in advance of the publication of the Newsweek article, I did answer a question about that pistol and denounced it as a lie. But the Newsweek article did not include that denial. This same article charged that Huddleston was a "disciplinarian" for W. A. Boyle. Another outright lie.

Last Thursday, at their invitation, we sat in lengthy council with representatives of the Secretary of Labor, to discuss the findings on the election. We attended them from 2 o'clock until 4:40 in the afternoon. In perhaps the cheapest fraud ever exercised by the United States government on the American labor movement, the Deputy Secretary of Labor and his deputy solicitor promised that Secretary of Labor Shultz would be advised of and would consider our factual and legal arguments.

Not once in the entire meeting of two hours and 40 minutes did they tell us that they already had undertaken to file a civil suit against the UMW. I know of only one parallel in recent history and that is when the Russian foreign minister sat with President Kennedy and lied about whether missiles were being placed in Cuba. Not once during that meeting did he acknowledge the offensive missiles which put the entire world on the brink of war. I had thought that only Communists were capable of such duplicity.

As you know, the U.S. District Court in this jurisdiction closes at 4 o'clock. At the precise moment the promise was made to us that our factual and legal arguments on the election subject would be brought to Secretary Shultz' attention for reappraisal, his messenger had already filed a civil suit seeking to disfranchise the more than eighty thousand coal miners who supported the candidacy of Boyle, Titler and Owens.

Let us consider this litigation which threatens to disfranchise the coal miners. Convinced of the honesty of our election, I invited the Department of Labor to investigate it, although I was unaware of their determination to upset the election. I should have known better.

Two weeks before the election, an important official of the Labor Department, whose sister works for Yablonski's campaign manager, released to the press a statement containing information on the salaries and expenses of certain UMW officials. This release, which constituted a completely one-sided attack on me, was deliberately designed to influence the election in favor of my opponent.

That purpose is obvious if you keep in mind that the release contained no mention of the salaries and expenses of my opponent and his relatives on the union payroll. Yet five weeks earlier investigators from the Labor Department showed us certain examples of false reports. These were the expense accounts of my opponent and his brother. Their expenses were cited as the highest in the union. Thus, I repeat, a Department of Labor official whose sister was working for my opponent released information on salaries and expenses designed to influence the election.

The government's pre-determined plan to influence this election was partially successful in that it has been estimated that Boyle, Titler and Owens were deprived of over twenty thousand votes. Without a shadow of doubt, the Secretary of Labor abdicated his responsibility to fairly investigate this election, and apparently lent the prestige of his office to my opponent's campaign.

Another word about that meeting last Thursday at the Department of Labor. The release they finally issued was considerably more sensational than the allegations that were made to us face-to-face. But let us take up these charges.

First, use of the United Mine Workers Journal as a campaign instrument for Boyle. Let me first explain to you the election procedures under our constitution.

Local unions nominate candidates for international office. The nomination or primary period commenced this past year on July 9th and ended August 9th. The results were published August 15th, following acceptance of nomination by the candidates. From that date until election day, December 9th, the campaign was conducted.

The federal court order issued August 28th prohibited any campaigning in the UMW Journal. On November 26th the federal court upheld our contention that the Journal was not used to promote my candidacy during the campaign.

Inhibited by a court decision with respect to the campaign itself, the Department of Labor now contends that the Journal was used in my behalf during the primary.

Second, the alleged reprisal in the removal of my opponent as acting director of Labor's Non-Partisan League, for having advocated legislative policies contrary to the union's.

You will be astounded to learn that these officials of the Department of Labor, as recently as last Thursday—although they claim to have made the most extensive investigation in the Department's history—were still under the impression that my opponent's salary had been stopped. Of course, that is absolutely not true. Do you wonder that all of us at the UMW have grave doubts concerning the sincerity of this alleged Labor Department investigation?

A third complaint involved alleged use of union funds and resources by certain districts during the campaign. The only items they specifically referred to were use of a mimeograph machine, use of storage space in a district office and a newsletter in District 5.

According to them, campaigning at the polls occurred in three percent of the local unions; therefore, the election should be voided. State laws generally prohibit campaigning within so many feet of the polling place in the general election. The distance is usually so small that as one approaches the voting area, he is besieged with sample ballots.

Neither the law nor the Secretary's own regulations prohibit campaigning at or near the polls in union elections. In fact, we know of instances in which our opponents, in their zeal to seize control of the union, campaigned at the polls. But regardless of that, are we alone to be penalized for laws and regulations that simply do not exist?

A fourth claim involved districts distributing souvenir ball point pens. Throughout the history of our organization, and most other organizations—including both labor and management—similar souvenirs have always been made available to the delegates to conventions, in the same way that such souvenirs have become traditional at the White House. Such souvenirs are also distributed to our district offices for the benefit of the many coal miners who are unable to attend the conventions. The Secretary has a low regard for the integrity of our coal miners if he believes their vote can be bought with a ball point pen. I have had, I now have, and I will always continue to have a high regard for the integrity and character of the coal miners throughout the land.

Fifth, the Secretary alleges a lack of adequate safeguards in the conduct of the election. My opposition had thousands of observers at the polls. We welcomed them. One local union even had to change its polling place from the bathhouse to a more suitable location because the observer was a young lady. Now they'll probably say the election wasn't held in the right place in that local union.

During the campaign the opposition dispatched cards to all local unions requesting

the specific location of the polls. Many cards were returned; many were not. Neither our constitution, the law nor any regulation requires it. Despite the absence of any requirement to respond, we took the precautionary step of seeking advice from the Labor Department. A high official of the Department categorically advised us that the local unions were under no compulsion to see that these cards were returned. Yet, now, the Secretary says that I should have gone out and made every local union return these cards.

What they don't tell us is that when certain requests were made to us by our opponents for the location of specific local union polls, we went out, found the answer and so advised them.

I have no knowledge of any person being denied the right to vote or of any improper balloting, except where indicated in the official report of the international tellers.

Concerning the charges contained in the litigation, I am able to advise you only of the information which we were given at the conference. The Department of Labor officials refused to tell us what, if any, evidence they had to support the charges. Presumably, they will attempt to say more in court than they have been willing to say thus far. But, I assure you and the 200,000 coal miners of our union that their legally constituted election will be vigorously defended.

Now let us discuss Senator Harrison Williams' labor subcommittee that also has announced it is investigating the election. My opponent's son and three other witnesses appeared before that committee over a month ago. While I can understand my opponent's son's feelings, it gives him no right to slander the union and myself. Since Senator Williams has thus far denied me the opportunity to refute the reckless, scandalous and untruthful allegations made by these witnesses before his committee, I now am going to point out charge by charge their falsity.

These same allegations were investigated by the Department of Labor, but were not included in the suit. Obviously, the Labor Department's investigation could make nothing of them.

That same witness charged me with having increased the pension of retired bituminous coal miners from $115 to $150 per month, thus playing Russian roulette—he said—with the United Mine Workers of America Welfare & Retirement Fund.

Concerning this charge of alleged recklessness on my part, I should like to digress for a moment to inform you of a related incident during the campaign. In the anthracite region, my opponent promised the pensioners of the Anthracite Health & Welfare Fund that, if elected, he would increase their pensions from $30 to $200 a month. Although not a trustee of that Fund, I told the same people that it was economically impossible to increase their pensions and I could not and would not promise them something which I could not deliver. The election record shows that with this politically motivated promise, my opponent carried that district.

Some suggest that the trustees increased the bituminous miners' pensions for political purposes. You are probably unaware that at the end of the fiscal year—June 30, 1969—the bituminous welfare fund had an unexpended balance of over 179 million dollars. Projections by the industry showed substantial increased coal production in the immediate future. Upon becoming a trustee last summer, I saw no need to accumulate money for its own sake. Thus, the pensions were increased to give these men who have spent a lifetime in the depths of the earth a chance to live just a little better than before.

I am sure you are mindful of the fact that since 1950 the cost of living has increased tremendously. In 1950, a pensioner received $100 a month. To maintain that same purchasing power in 1969, that pensioner would have had to receive almost $144 a month. Since 1950, the rapid increase in the consumer price index has posed a severe and ever-growing hardship on our pensioners who have had to subsist on a relatively fixed income.

Now, let me give you some additional background on the pension fund in order to put this in its proper perspective. For a long time before last summer, I was under tremendous pressure and frequent criticism as president of the UMW for not influencing the Welfare Fund.

Many people did not realize that I was not a trustee of the fund. The late John L. Lewis was a trustee, and I was in no position to ursurp the authority of Mr. Lewis. Many callous people felt that I should. I could not do that. But I would like to point out that after Mr. Lewis died last June and I became his successor as a trustee, I moved within one day to respond to the appeal that the membership had made to me to raise pensions.

At his hearing, Senator Williams, without asking even the most fundamental questions of who, what, where and when, permitted Karl Kafton and William Savitsky to accuse the union of being guilty of, or conspiring with management in blacklisting. This charge is absolutely false. We are prepared to give the committee documents showing that Karl Kafton, one of the witnesses, induced coal miners to go on wildcat strikes in breach of their contract. He did not tell the committee of the union's efforts to find reemployment for him after his discharge by his employer. Nor did he tell the committee that his grievance was processed under the contract and that, in the final stage, the umpire ruled that he had properly been discharged. Mr. Kafton did not explain that until he voluntarily left last September he had a job as a coal miner with the same company that discharged him. Nor did he advise the committee that he failed to return to his former job.

Mr. Savitsky, the other witness who charged blacklisting, failed to tell the committee that his three grievance cases, which were processed under the contract with the assistance of the union, resulted in three decisions by the umpire adverse to him. Nor did he advise the committee that he charged the union with an unfair labor practice and that the Regional Director of the National Labor Relations Board refused to issue a complaint and, following his appeal, the Office of the General Counsel affirmed the ruling of the Regional Director.

My opponent's son and the other prophets of doom and despair coined a phrase "bogus locals." The charge is predicated upon a philosophy that the union should only consist of working, active members. They would put to pasture the elderly, giving them no vote or voice in the union. I do not subscribe to this philosophy. The retired coal miners built this union and made it what it is today. They have the benefit of wisdom and experience. Most important of all, they have a substantial interest in the collective bargaining agreement which their union negotiates with the coal operators, because these negotiations involve their trust funds. To cast them out of the union upon reaching retirement age is unjust and unlawful. Permitting pensioners to vote is not unusual in trade union practice. But more than that, it would be illegal under our constitution to deny pensioner members of the union their right to participate in elections. Moreover, I think it useful to point out that my opponent himself was the president of a local union composed entirely of pensioned members.

Other charges before the Senate subcommittee are that employees were forced to kick-in to my campaign; that campaign contributions could be financed through the National Bank of Washington; that employees would receive a pay increase to finance contributions, that union funds were used for postage and shipping, and that employees of the union campaigned for me on union time and at union expense. I absolutely deny these charges. They are false and the Department of Labor could find nothing to sustain them.

My opponent's son claimed that hundreds of employees were added to the union payroll. This charge has been proven false. He charged that the Anthracite Welfare Fund hired investigators whose function is to insure the proper reporting of coal tonnage produced by the operators. You will be interested to know that, during the year 1938, the largest number of investigators so employed on any given day was 33. In 1969, the election year, the largest number of investigators employed on any given day was 31. The employment of these investigators has resulted in the collection from the operators of tens of thousands of dollars in royalty payments which had not been paid by those coal operators who failed to file accurate tonnage reports.

My opponent's son complains of the appointment of dust committeemen in March 1969, three months before his father's candidacy was announced. He advocates elimination of these men although it would jeopardize the health and safety of our coal miners. He charges they were paid $65.00 a day. Again, he is in error. They were paid $32.74 per day.

This same individual told the committee that there was "hanky panky" in District 6 in Ohio as Bill Howard was left off the ballot. Again, he is wrong. That matter occurred in a district election in 1968, not in the 1969 international election.

My opponent's son told Senator Williams' committee that the Secretary of Labor sent a telegram to me threatening that if his father's name was not on the ballot there would be an investigation. Again, an outright distortion. No such telegram was ever received by me. His father's name appeared on the ballot solely because he secured the endorsement of 96 out of 1300 local unions.

The testimony of Joseph Yablonski, Jr. before the Williams Subcommittee did provide an interesting fact. He told the committee that the largest contributor to his father's campaign, outside the family, was John D. Rockefeller IV. During the campaign we offered, on at least three occasions, to publicly disclose the names of our campaign contributors and their contributions if our adversaries would do the same. They never accepted the challenge. I now know why. Had the coal miners of this country known that the campaign of my opponent was financed in part by a descendant of the man responsible for the Ludlow, Colorado massacre, I doubt if my opponent would have received one vote other than his own.

The committee heard this same witness testify under oath, that his father claimed no expenses from the union when he got into the heat of the campaign. From June 1 to December 15, 1969, my opponent claimed and received $3,662 in expenses.

The testimony of Yablonski's son, himself a lawyer, before the committee is replete with misrepresentations and slanderous assertions, all of which time does not permit me to answer. At the proper time, before the labor subcommittee, I will, however, detail each and every allegation so made and demonstrate beyond doubt its falsity.

This same individual only the other day held a press conference accusing me and others of plundering the treasury of this union. The charge is outrageous. I deny it. He claims to have proof, but fails to reveal it. Rest assured that if he had any evidence he would be screaming from the highest mountain.

Had the Senate subcommittee, under the

chairmanship of Senator Harrison Williams, provided an immediate forum to respond to the vilifications which were foisted upon me and my union on February 5th, there would be no need for the press conference called here this afternoon.

However, inasmuch as the elements of fair play and decency were not extended to me by the subcommittee, I am compelled to reply in the detailed fashion I have this afternoon. The basic structure of the democratic process requires that when one's character has been attacked he should be provided equal time to defend himself as expeditiously as possible. This was not done, and as I have informed you this afternoon, repeated inquiries by me to the subcommittee have not produced the forum which I desired. I can only say that such refusal by the subcommittee makes one feel depressed. I was required to come to the National Press Club and provide my own pulpit. These are the cogent and compelling reasons, and I say the only reasons, which directed me to reply in detail to the charges hurled at me and the United Mine Workers by irresponsible misrepresenters of the truth. I trust that the documentary evidence which we have here today and my direct and categorical denials of all these allegations will be provided with as much publicity by the press, radio and TV as was extended to those who testified before the Senate Subcommittee. Thank you.

AMENDMENT TO ACADEMIC ASSISTANCE SECTION OF THE OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968

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

Mr. MACGREGOR. Mr. Speaker, one of the great goals of the Law Enforcement Assistance Administration is to increase the professionalization of law-enforcement personnel. This is the objective of the Administration's law enforcement education program which makes grants and loans to finance studies at institutions of higher education by law-enforcement personnel and by students preparing for careers in the profession.

This program has had such tremendous response that it has been termed the "sleeper" of the entire LEAA program. Few people suspected that this academic assistance program would receive the enthusiastic response which it was immediately accorded. For example, 485 colleges took part in the first year, fiscal year 1969. They received $6.5 million, which they awarded in grants and loans to 20,602 persons. There are now 747 colleges and universities participating; they have received nearly $18 million, which will finance the studies of an estimated 65,000 persons during fiscal year 1970.

There are two kinds of financial aid. Persons enrolled full time in programs leading to degrees related to law enforcement may get loans of up to $1,800 each academic year, with special consideration given to law-enforcement personnel on leave from their agencies. Grants of up to $200 per quarter or $300 per semester are made only to law-enforcement personnel studying full or part time in courses leading to degrees in areas suitable for persons employed in law enforcement. Last year, of the 20,602 persons receiving aid, 19,354 or 94 percent were criminal justice personnel, the overwhelming majority of them policemen.

A proposed amendment to section 406 of the Omnibus Crime Control and Safe Streets Act would make five changes in the section.

The most important change would enable the LEAA to exercise national leadership in law-enforcement education—leadership that is axiomatic to the improvement of such education. Subsection (f) of part (c) would enable the LEAA to develop and revise programs of law-enforcement education and to develop curriculum materials. This would benefit institutions of higher education which are developing, expanding and seeking to improve their police, court and correctional study programs. And it would, of course, benefit students at those institutions.

Under subsection (f), the LEAA would make grants to, or contracts with, institutions of higher education, or combinations of institutions, to aid them in developing, improving or carrying out programs such as: development or expansion of undergraduate or graduate programs in law enforcement; education and training of faculty members; strengthening the law enforcement aspects of various degree courses; or doing research on methods of educating students or faculty, including preparation of teaching materials and planning of curriculums.

Part (a) would clarify the language to make it certain that the types of degree and certificate programs that qualify are the same for both grants and loans.

Two provisions would provide for a more equitable expenditure of funds: Part (b) would permit grant funds to be used for buying books as well as for tuition and fees. This would permit participation by students at those State-supported colleges and universities which provide free tuition and fees, and would assure wider participation by low-paid law enforcement officers for whom the purchase of books is a real hardship. Part (c), subsection (d), would incorporate language which is standard in student aid legislation, to permit persons receiving Veterans' Administration or social security assistance to receive LEAA funds concurrently without endangering their VA or social security status.

Subsection (e) of part (c) would help relieve the great shortage of qualified law enforcement teachers who are needed to staff the new and developing degree programs. This subsection would permit the LEAA to authorize loans and grants—with the forgiveness and cancellation benefits as contained in the original act—for persons employed, or preparing for employment, as full-time teachers of courses related to law enforcement.

Mr. Speaker, the law enforcement education program is already one of major importance to law enforcement. These pending amendments now under consideration by our Judiciary Committee would not only improve its day-to-day operation but would promote a true professionalization of personnel nationwide.

PROPOSED MILITARY JUSTICE COMMISSION

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

Mr. BIAGGI. Mr. Speaker, for approximately 8 months, I have been investigating conditions on some military bases.

In a broad sense, I have been trying to determine whether we are doing all that should be done for young men who are inducted into the Armed Forces.

To make this determination, I have spoken to hundreds of enlisted men and ranking military officers. In addition, I have been deluged with mail from many of them. In some instances, I sought out the facts independently. As a result, my files are bulging with records that graphically illustrate the plight of young men serving our Nation.

During this era of advanced military technology and lunar landings, I regret to say that we have failed miserably in our responsibility to America's servicemen.

When we ask ourselves why we failed, it is important that we remember that many of these servicemen grew up during the years when the civil rights movement swept across the Nation and fostered new laws which opened new horizons for so many Americans. So their environment, education, and outlook understandably differs in many respects from their predecessors who served our Nation before the advent of the Vietnam war.

It is sad but true to say that America is now left with two entirely different standards in regard to individual human rights. One standard applies to civilian life and the other standard to military life.

This has happened because the military machinery governing the processing of complaints from enlisted men is inadequate, obsolete and, in many respects, grossly unfair.

Consequently, I have encountered case after case in which the rights of enlisted men were trampled on. Too often, the enlisted man with a legitimate complaint has not been given fair treatment because of the inadequacy of existing military procedures, regulations, and laws. So he has not only been forced to accept the idea that he cannot appeal the system, but he has also openly rebelled against the system many times in recent months.

I have found that morale is not what it should be in the Armed Forces.

We have seen demonstrations that have upset military routines and schedules. We have seen racial clashes that have left servicemen injured and on more than one occasion injuries that have been fatal. In short, we have seen within the last several years occurrences on military bases that should be a matter of deep concern to all good Americans.

It is a problem that must be recognized and dealt with if we are to restore pride and honor to military life.

I am, therefore, introducing today legislation that would overhaul the existing military laws and give civilians a voice in the administration of grievance

machinery. In that connection, I have introduced a bill calling for the formation of what would be known as a Military Justice Commission. Eleven members will serve on the Commission and be appointed by the President. Five of these would be civilians and each of the other five would represent a branch of the Armed Forces—the Army, Navy, Marine Corps, Air Force, and Coast Guard. Another member would be appointed as Chairman. The Commission would have both investigative and punitive powers.

BENEFITS FOR OUR VETERANS

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

Mr. HANLEY. Mr. Speaker, I believe that the U.S. Government and its people have no greater obligation than to assure that America's ex-service men and women should never be forgotten or neglected. The United States, through the Congress, has developed the best and most comprehensive program for its veterans of any country in the world. The benefits provided include compensation and pensions for veterans—medical care for those who are sick and disabled—college or training benefits for those who want to further their education—and housing benefits for those veterans struggling to raise a family. Those who qualify for these benefits deserve the most prompt and efficient service possible, and it is incumbent upon the Government—mostly through the Veterans' Administration—to provide that service. It has been my privilege and pleasure to have served on the Veterans' Affairs Committee of the U.S. Congress, and to have played a part in developing the concepts and innovations which aid some 27 million American veterans.

It strikes me particularly hard, when I see those efforts undercut. The Nixon administration, while perhaps meaning well, has allowed a shocking situation to develop. Its misdirected fight against inflation will allow billions for new military hardware but will not provide adequate medical care for those charged with using that hardware. In New York alone, the VA hospitals are underfunded this year in the millions of dollars and grossly understaffed. The GI housing program for returning Vietnam veterans is a farce because of the administration's "tight money" policy, and ex-servicemen who want to further their education are finding that road increasingly difficult. Compensation and pension adjustments are also needed.

There is a dangerous dilution in the quality of care even in Syracuse. Hospitals in the private sector have an average 2.72 employees for each patient. Syracuse VA has 1.57. It has been reported that the VA's 400-bed Syracuse hospital will suffer funding deficiences of almost a half a million dollars for fiscal year 1970. There was a disclosed shortage of $233,000 to cover 10 critically needed full-time positions and 33 part-time positions in the authorized personnel ceiling; $68,000 was needed to cover the cost of other operating supplies. In addition, $191,000 was needed to cover underfunded dental care, to maintain care for veterans in community nursing homes, and to restore amounts diverted from needed equipment and maintenance funds. To achieve a minimal staffing ratio of two employees to each patient, Syracuse would need an additional $1.6 million annually.

Going back into history a little bit to the passage of the GI bill in World War II, it became apparent that the great influx of over 15 million veterans would place an unprecedented workload on the Veterans' Administration and that the VA hospital system was not equipped to handle the increased hospital patient load and many military service hospitals—some built as temporary was facilities—were transferred to the VA until permanent facilities could be constructed to handle the long-range problem. The entire VA medical program, as it existed after World War I, had to be revamped because it had not kept up with the progressive improvements of medical treatment or acquired up-to-date equipment and the necessary staff to care for the injured and sick veterans just back from the war.

President Truman ordered a crash program to revamp the VA and brought Gen. Omar Bradley to Washington as Veterans' Administrator. One of the most significant steps take was to affiliate veterans hospitals with university medical schools when they were in close proximity to each other. This enabled the VA to work in research and to establish teaching programs. It trained the doctors that would give our veterans the first-class care they deserved. The community in general benefited because the VA provided certain services to nonveteran patients and because medical students who interned at the VA often remained in the area to carry on their practices. The Upstate Medical Center, which annually treats thousands of central New Yorkers, is such a school. Their affiliation with the VA hospital in regard to the teaching and training of interns will suffer most heavily. The administration's cutback will force able students to look to other hospitals and communities for their training and employment. At least one research project has been cut to the point where it may be canceled entirely. Upstate patients receiving deep-cobalt treatment at the VA may have to be sent to New York City for that vital service. Upstate has done its best to compensate for the VA cutback. They were able to take on one chief of surgery who was ready to leave the area. However, the center is limited in what it can do in this respect. Both veterans and community suffer in this situation.

The distinguished chairman of the House Veterans' Affairs Committee, Congressman OLIN E. TEAGUE, Democrat, of Texas, has ordered a full-scale investigation of the VA medical program which is proceeding at this time. He stated a few weeks ago:

> In all my years in Congress (which has been more than 20 years) I have never been more disturbed about the VA medical program than I am today.

He further stated that:

> Many VA hospitals are being caught in an impossible squeeze between higher medical and drug costs and rising workloads without receiving proportionally higher funds and staffing allocation.

This year the VA will receive a smaller dollar amount than it did in 1969. Staffing shortages have caused some $20 million in specialized medical equipment to lie idle. It was in this vain that the VFW labeled the Nixon administration "anti-veteran."

The housing benefits program for returning Vietnam veterans is equally farcical. The Veterans' Affairs Committee has reported a bill to use a billion dollars for 5 years from the national service life insurance trust funds to finance GI housing. This is money that veterans have paid to the Government to continue the insurance they took out when they were in the service. The committee's proposal would provide an increased yield to the fund in interest and some housing relief for these people. It is a good bill, and it is a step in the right direction. We are going to try to pass this legislation through the Congress during the current session, but it faces the threat of a Presidential veto. At the present time, the Senate and House are trying to resolve their respective differences in the GI education field. Both want substantial raises in the rates paid to veterans. The compromise will probably be in the neighborhood of 35 to 40 percent. The President has recommended an increase of 13 percent and again threatens a veto.

Inflation is again the issue that has been arised. However, it seems to me that inflation is primarily dangerous because it deprives people of necessities. Here is a situation where deserving people are lacking essential medical care, adequate housing, and fundamental education.

I believe the veteran has contributed enough when he fights the shooting war. He should not have to fight the inflationary war also.

DRUGS IN OUR SCHOOLS

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

Mr. McCARTHY. Mr. Speaker, one of the most disturbing trends in our society today is the increasingly wide misuse of drugs. Experimentation with hard drugs such as heroin and opium, with soft drugs such as amphetamines and barbiturates is carried out in our secondary and even in our primary schools. The New York City press daily reports the death of several individuals as a result of an overdose or misuse of drugs. As I indicated in my letter of March 9, 1970, to President Nixon, the problem of drugs has reached the crisis stage and calls for immediate remedial action.

One of the major difficulties in determining how best to deal with the drug crisis is the lack of concrete information. We do not know how many people use hard or soft drugs; we do not know what leads people to try drugs; we often do not know how many people have been

able to break the drug habit. Without this information our efforts at control and elimination of drug abuse can only be rudimentary.

The Washington Post today carries the results of a study commissioned by the Montgomery County School Council on the use of drugs in local junior and senior high schools. The study shows the results of questions asked of 2,777 students in Montgomery County. It has been described as one of the most comprehensive given in the United States. The study cost Montgomery County approximately $86,000, money that at other times could have been used to improve the courses offered or to provide additional instruction for students in the school system. I understand that the study, or a modified version of the study will be conducted again in 2 years to determine the effectiveness of the county's drug abuse education program.

Of particular concern to me is the information contained in the study showing that many students expect to experiment with drugs of one kind or another in the future. As the report says:

More than 15% of the junior high and 30% of the senior high school students think they may use marijuana in the future.

The report goes on to say that 8 percent of the senior high school students think that they may experiment with LSD. In addition to this willingness to experiment with drugs, the study showed that most students overestimated the use of drugs by their fellow students.

Also of concern is the indication of a trend. This suburban county does not show today the daily toll of deaths found in some of the inner city school districts. But it does show a widening of the use of harmful drugs into every area of our community. This spread calls for prompt countermeasures. This is why I have asked President Nixon to use his emergency authority to provide additional funds for a massive education campaign to counter the growing drug crisis. It is for this reason that I have asked Secretary of State Rogers to bring the full weight of U.S. diplomacy to stop the flow of hard drugs from Turkey, France, and Switzerland to the United States.

For the information of my colleagues, I am including in the RECORD the Washington Post article on the Montgomery County drug study. I believe that more information of this type can help us deal with the drug crisis.

The article follows:

MONTGOMERY STUDENTS: SCHOOL SURVEY REVEALS 12 PERCENT USED MARIHUANA, FEW ON HEROIN

(By Richard M. Cohen)

A landmark survey of drug use and drug attitudes in Montgomery County's junior and senior high schools shows that 12 per cent of the students have smoked marihuana but that heroin use is virtually nonexistent.

The survey's result indicated that drug use was less prevalent than had been anticipated by one recognized expert, less than most students themselves expected and, the survey team found, less than the public apparently believed.

However, the committee that requested the survey warned that a "climate for drugs" existed in Montgomery and that "a deteriorating trend on drug use and abuse is evident."

The survey, described by the committee as the most comprehensive ever conducted in the United States, was administered in questionnaire form last fall to 2,777 of the county's junior and senior high school students, 5 per cent of the total enrollment.

It was presented to the County Council and the board of education yesterday.

The survey by the Joint Advisory Committee on Drug Abuse reveals that:

Nearly 7 per cent of the county's 56,000 junior and senior high school students admitted to smoking marihuana at the time the survey was conducted last fall.

Another 5 per cent had tried the drug—or experimented with it—and quit.

A statistically insignificant percentage (0.07) of junior high school students reported using heroin and another 0.042 per cent said they had tried the drug but quit. heroin on a weekly or daily basis.

No junior high school students were using

Slightly more than 1 per cent of the high school students reported having some experience with heroin but said they ceased using the drug before the survey was conducted.

Less than 1 per cent of the total student body (0.74) reported that they were continuing to use heroin.

The report says that cigarettes and alcoholic beverages play a larger role in adolescent society than any of the drugs surveyed—LSD, barbiturates, marihuana, amphetamines, glue and heroin.

Barbiturates usually are swallowed in pill form and produce a relaxation of anxiety or euphoria. Amphetamines drugs that induce alertness are taken in pill form. They sometimes are used by students cramming for examinations. LSD is a hallucinogen that induces a distortion of the senses. Glue is the common model airplane variety. It is sniffed. Toluene a solvent in the glue, induces intoxication.

About half the students say they never have had alcohol but a significant percentage—9.33—say they "use it almost once a week." Another 1.76 per cent say they "use it almost every day."

In the opinion of a National Institute of Mental Health expert, the drug abuse figures for Montgomery County define a smaller problem than had been expected.

"The figures surprise me a bit," said Dr. Sidney Cohen, director of NIMH's division of narcotic addiction and drug abuse. "In most surveys of high school kids," he said, "it's (marihuana use) running between 25 per cent and 40 per cent."

In the estimation of the committee that prepared the report, however, the statistics reveal an alarming situation since, they conclude, the climate for drug use is increasing in the county.

SELF-REPORT ON USE OF DRUGS, ALCOHOLIC DRINKS, AND CIGARETTES IN MONTGOMERY COUNTY SCHOOLS

[In percent]

Use of product	Marijuana			Heroin			Amphetamines			LSD		
	Junior high	Senior high	Total	Junior high	Senior high	Total	Junior high	Senior high	Total	Junior high	Senior high	Total
I've never tried it	93.28	79.67	86.68	96.57	95.10	95.86	96.38	90.28	93.41	96.71	92.06	94.45
I've tried but quit	2.73	7.27	4.93	0.42	1.19	0.79	1.12	4.53	2.77	0.70	2.15	1.40
I use it almost once a month	1.54	4.30	2.88	0.07	0.15	0.11	0.42	2.08	1.22	0.28	2.08	1.15
I use it almost once a week	0.63	4.30	2.41	0.0	0.22	0.11	0.07	0.82	0.43	0.07	1.19	0.61
I use it almost every day	0.0	2.82	1.37	0.0	0.37	0.18	0.0	0.37	0.18	0.07	0.37	0.22
No response	1.82	1.63	1.73	2.94	2.97	2.95	2.03	1.93	1.98	2.17	2.15	2.16

	Barbiturates			Glue			Alcoholic drinks			Cigarettes		
	Junior high	Senior high	Total	Junior high	Senior high	Total	Junior high	Senior high	Total	Junior high	Senior high	Total
I've never tried it	96.71	90.80	93.84	91.74	90.73	91.25	67.81	35.01	51.89	55.42	33.16	44.62
I've tried but quit	0.77	4.82	2.74	5.25	6.38	5.80	15.82	19.44	17.57	29.39	39.24	34.17
I use it almost once a month	0.28	1.85	1.04	0.77	0.59	0.68	9.03	26.85	17.68	3.71	3.41	3.56
I use it almost once a week	0.07	0.22	0.14	0.35	0.22	0.29	4.48	14.47	9.33	2.31	2.82	2.56
I use it almost every day	0.0	0.30	0.14	0.21	0.22	0.22	1.05	2.52	1.76	8.05	20.25	3.97
No response	2.17	2.00	2.09	1.68	1.85	1.76	1.82	1.71	1.76	1.12	1.11	1.12

The survey was conducted on Oct. 13, 1969, in all of the county's 45 junior and senior high schools. Five per cent of the secondary school enrollment of 56,000, or 2,777 students anonymously answered a 305-item questionnaire prepared by the school system's department of research. Consultants from the NIMH helped prepare the questionnaire.

A 5 per cent sample is considered sufficient to achieve reliable—but not necessarily precise—results.

"The 5 per cent countywide sample and the procedures used for obtaining it are valid and the method for carrying out the survey is adequate," wrote Dr. R. L. Derbyshire, a consultant to the committee and associate professor of sociology and psychiatry at the University of Maryland Medical School.

Anonymity was guaranteed to the students. The questionnaire, which took no more than 40 minutes to fill out, asked only for age, sex and class. Shortly before the survey was administered, every other student was arbitrarily taken from the pool of those to be surveyed and returned to his classrooms.

The study was commissioned by the Joint Committee on Drug Abuse, a 17-member panel consisting of seven persons appointed by the school board, seven by the County Council and three students selected from Montgomery College and the secondary schools.

Under an agreement between the committee and the school board, individual schools were not identified in the report.

It is therefore impossible to determine if the small amount of heroin use that was found is confined to a particular school or even a particular area where the student population might differ measurably from the countrywide norm of white, middle class.

The best estimates are that heroin—the most dreaded of the drugs—has made no measurable inroad into white, suburban youth culture at least as it exists in Mont-

gomery County. Overwhelmingly, those surveyed—even those who admitted using marihuana—said they would never try heroin.

Derbyshire, the committee's consultant, pointed out in a telephone interview, however, that some heroin-addicted students might have been taken out of the school system by their parents and placed elsewhere. Private and parochial schools were not surveyed.

Despite some inconsistencies in the heroin figures, the committee found that "the use of heroin is seen as small with no indication it is on the increase."

STUDIED SEPARATELY

Twelve junior and senior high schools in different areas of the county were studied but the report did not say which results came separately from which school.

Ten of the schools are "downcounty," close to the Washington border and in the county's most heavily populated suburban areas. Two schools were located "upcounty," in less populated areas that are partially rural.

There was noticeable differences between the areas, but comparisons between individual schools are impossible because the report does not name them.

Police and court statistics gathered for the study however, show that the highest incidence of arrests for drug use occurs "downcounty." In general, the "downcounty" area traditionally has been considered more liberal and the secondary schools there more progressive.

The study showed that 48.17 per cent of high school students felt that more than one of their closest friends used marihuana. This, the committee said, "constitutes a dramatic over-estimate," a factor that leads the committee to report that a trend toward more drug use, and abuse, "is evident."

In addition, most of the students (74 per cent in the 12th grade) feel that marihuana use is increasing. The students held similar views about alcohol and cigarette use.

In his report, Derbyshire said that "as long as the perception of the student is that drug usage is on the increase, then the problem of a self-fulfilling prophecy becomes important."

"In other words," he wrote, "when adolescents feel that the use of a habit-forming substance is on the increase, their behavior . . . tends to accept usage as 'normal' and it establishes the expectation that others . . . 'can,' 'must,' and 'should' experiment."

EXPECT TO INDULGE

A significant percentage of the students suggested they might experiment with drugs at a future date. "More than 15 per cent of the junior high and 30 per cent of the senior high school students think they may use marihuana in the future," the report said.

The percentages are smaller for the other drugs. Five per cent of junior high students thought they might try LSD. Among senior high school students, the figure is 8 per cent.

Three per cent of the students in both junior and senior high thought they might try heroin in the future. This response is questionable, Derbyshire said, since a certain percentage of students will say they will try anything, especially if it is frowned upon by adults.

DRUGS IN MIND

Still, Samuel L. Goodman, the school system's director of research, comes to the conclusion that "students in both levels are thinking about drugs."

"The data . . . suggests that a 'climate for drugs' is developing among teenagers," he said.

Most students considered all the drugs and products in the survey dangerous except for cigarette, alcohol and glue. For instance, 78 per cent of the junior and 89 percent of the senior high school students thought the use of heroin would present either a "strong" or "moderate" danger.

Students are not as certain about marihuana. Here 80 per cent of the junior high school students thought its use dangerous. The figure among high school students slips to 65 per cent, however.

The student view, predicably, was not shared by the adult community that the same researchers surveyed by telephone in the summer of 1969.

MORE DANGEROUS

Of the 420 adults sampled, 48 per cent thought marihuana to be "more dangerous" than alcohol with an additional 27 per cent saying "about as dangerous."

Thirty-two per cent of the adults felt they were "well-informed" about drugs and another 55 per cent believed they were "slightly informed." Only 2 per cent said they did not know.

"Yet," wrote Dr. Derbyshire, "a significant number of these same respondents view marihuana as more dangerous than alcohol.

"There is absolutely, at this time, no scientific evidence to support this assumption."

In fact, Derbyshire said in a telephone interview, there is more reason for alarm in the figures pertaining to alcoholic beverages, especially since 14.47 per cent of the senior high students reported using it "almost once a week." The figure for marihuana use for the same group is 4.30 per cent.

OTHER ANSWERS

Despite the difference in attitude between the students and the adults over the presumed dangers of marihuana, the students answered most of the questions in a manner designed to warm a mother's heart.

For instance, fully 82 per cent of both junior and senior high students said they intended to go on to college. Since in recent years only 60 per cent of the county's high school graduates have gone on to college, this figure was interpreted in the report as "over optimistic."

Similarly, 46 per cent of the students reported that they have above-average grades. Another 42 per cent said their grades were average. Only 6 per cent admitted to below-average grades.

"The respondents as a group reflected considerable confidence in themselves academically and seem in overwhelming numbers to be committed to formal education beyond high school graduation," wrote Goodman.

LOTS OF AMBITION

Moreover, 48 per cent of the junior and 53 per cent of the senior high school students feel that drug use contributes to a loss of ambition. A significant minority, if not a clear majority, of all students blame drugs for a host of ills, including the gradual loss of the ability to think, increased anxiety, frightening hallucinations, dropping out of school, poorer grades and loss of friends who are nonusers.

Sixty-six per cent of the junior and 68 per cent of the senior high school students think that drugs lead to crime.

When asked what factors lead to drug use, between a third and a half of junior high and between one-fourth and one-third of high school students said they did not know.

Of those who did respond, the factor receiving the most endorsement was "the desire to be 'turned on.'" Factors such as "being bored in school," "preparing for exams" and "worries about war and riots" received little support.

Among the four sources of information listed as possibly influencing them to use drugs—television, magazines, underground newspapers and friends—the students overwhelmingly chose friends, with underground newspapers second.

TERMS NOT KNOWN

The report found the student population relatively unsophisticated in the use of drug terms. For instance, only 5 per cent of the junior and 21 per cent of the senior high school students knew that "smack" is a slang word for heroin.

Twenty-one per cent of the junior high school students thought "smack" was synonymous with "speed," a slang term for amphetamines.

The students surveyed exhibited what the report called "a conservative bent." They expressed highest approval of the student who gets good marks, abstains from drugs and is a "moderate."

"Overall," Goodman concludes, "one learns from a study of the survey data that the typical student believes that drug use and experimentation are to be found among a relatively small per cent of students—except for marihuana, alcohol, cigarettes and glue."

GENERAL PICTURE

He "is concerned that his immediate circle of friends and acquaintances are less involved with drugs than the teen-agers he knows only remotely; believes that drug use is increasing; is not fully convinced that drug use is dangerous and holds out the likelihood that he may try some drug or drugs some day . . ."

He "is unsophisticated about drugs and both needs and wants instruction . . ." He "is basically conservative in his social views, and hence a good target for guidance and enlightenment."

On the basis of the data, the drug abuse committee recommended that:

The county government create a drug abuse authority or commission to "coordinate . . . programs and activities in the drug field."

The county establish a drug abuse offenders school under the control of the county executive and directed by the drug abuse authority.

The use of marihuana remain illegal "but possession for personal use should be a misdemeanor rather than a felony."

The police department and detention center "establish a drug-user detection capability using laboratory analysis and/or medical examination."

That a special county post office box be established "so that residents may communicate in a confidential manner directly with the county executive on any phase of the drug abuse problem."

That the school system develop an education program based on the survey and that school-to-school comparisons be made to tailor the program to individual schools.

The Joint Advisory Committee on Drug Abuse presented its findings in two volumes. Cochairmen of the committee were James P. Gleason, a member of the County Council and Howard Penniman, a professor of government at Georgetown University.

In addition to the committee members themselves, individuals from the police department, health department, state's attorney's office, county manager's office and school system served as ex officio members.

Members of the committee included Henry L. Giordano, the retired associate director of the U.S. Bureau of Narcotics and Dangerous Drugs; Dr. David Trachtenberg, a psychiatrist and Jean Paul Smith, a lecturer at Stanford University and formerly with the Bureau of Narcotics and Dangerous Drugs.

TRIBUTE TO THE HONORABLE EUGENE R. BLACK

The SPEAKER pro tempore (Mr. MATSUNAGA). Under a previous order of the House the gentleman from California (Mr. HANNA) is recognized for 60 minutes.

(Mr. HANNA asked and was given permission to revise and extend his remarks and to include pertinent material.)

Mr. HANNA. Mr. Speaker, I have taken this special order to bring to the attention of this House and the people of the United States the outstanding record of one of the great Americans of our time, the Honorable Eugene R. Black, an outstanding banker in private life; past president of the Bank of Reconstruction and International Development; past President of the World Bank; and former President Johnson's special consultant on Southeast Asia economic development.

Mr. Speaker, it can be said that Eugene R. Black helped to develop the resources of the emerging nations of the world in general and those of the Pacific and Southeast Asia in particular. He helped to build up institutions of cooperation where they did not exist. He has promoted the constructive interests of the nations struggling to break into the main stream of modern life.

Where there was a history of conflict, he promoted a commitment to cooperation. Surely in his time he has performed work worthy to be noted and marked by this great body and to be remembered by his countrymen and the citizens of many lands throughout the world.

Mr. Speaker, George Bernard Shaw once commented:

> He who has nothing to assert has no style and can have none: he who has something to assert will go as far in power of style . . . as his conviction will carry him.

Eugene Black has style and conviction, and these assets have carried him far.

Mr. Black is today one of the most eminent and respected spokesmen for rational economic development. His impact on our national thinking, and the thinking of many leaders in the less developed world, has been immense.

It is both a personal pleasure and a great honor to recognize him for his contributions and service. It seems particularly appropriate to honor Mr. Black at this time. We are soon to consider the President's proposal to expand our participation in the Asian Development Bank—a vital institution which Eugene Black helped to create.

When Mr. Black consented to serve as President Johnson's special consultant on Southeast Asia economic development, he carefully examined the various proposals being considered by Asian leaders. Although many had talked in generalities about the need for a development lending institution in Southeast Asia, it was Eugene Black who breathed life into the program.

Taking the leadership, Mr. Black brought the concept of the Bank to the attention of the President. Arguing vigorously for a multinational self-help lending institution in Asia, he overcame many of the obstacles created by those who opposed any but the most rigidly traditional forms of economic assistance.

His foresight and conviction have proved correct. The Asian Development Bank, in its few short years of operation, has already made important contributions. It has demonstrated the veracity of Asian and Pacific nations, including the United States, working successfully together as partners.

President Nixon, in his February message to Congress asking for American participation in the special fund program of the Asian Development Bank, noted that the Bank "has demonstrated an ability to make a major contribution to Asian economic development. It—the Bank—gives evidence of a unique capability for acting as a catalyst for regional cooperation."

The President's words are a tribute to Gene Black's efforts. Without Mr. Black's expert guidance, and his ability to make a reality what others only dreamed about, the Bank would not be successfully functioning today.

Although Mr. Black is not now officially representing the United States on projects involving the economic upgrading of less developed nations, he still is actively contributing his knowledge and his efforts. Because he is recognized as a preeminent authority on development, he was invited, and now serves as the only American on the Advisory Committee Investigating the Lower Mekong potential.

He was specifically invited to serve on this important committee by the countries who have a riparian interest in the Mekong River Valley. Leaders in Thailand, South Vietnam, Cambodia, and Laos recognized that the complicated, but absolutely vital task of developing this important region requires the knowledge and ability possessed by Gene Black.

It is encouraging to me, and a credit to Mr. Black, that these four countries, so intimately involved in the future stability of Southeast Asia, would ask for his participation in developing programs for the all important Mekong Valley.

Of course, anyone familiar with Mr. Black's background will not be surprised that these countries specifically asked for his help. He has carefully studied and is familiar with the many complex problems involved in the Mekong.

In his recent book, "An Alternative in Southeast Asia," Mr. Black describes in detail his plan for developing the Mekong area. He urges that we discard our obsolete posture of crisis management in foreign affairs. In its place, he asks for a rational policy of programed development. This policy suggests dealing only with projects with provable problem solving potential. I certainly commend Mr. Black's important book to my colleagues. It is an excellent piece of work and should have a tremendous impact.

Many are frustrated with the current thrust of our aid program. The development banks have been one of the few areas of demonstrable success. And this has been the area where Eugene Black has taken the lead. As a matter of fact, the Peterson report, just released by the President, seems to me to confirm a great deal of what Eugene Black has been saying and doing for a number of years.

I think it can be fairly said that the thrust of Gene Black's work has made the development bank concept a respectable and important component of economic assistance. In his capacity as the President of the World Bank, and prior to that as President of the International Bank for Reconstruction and Development, he convinced private investors of the need to make capital available to the less developed world.

The fact of the matter is that, until Eugene Black put his fine hand to work, development bank bonds had little, if any, acceptability in private capital markets. Mr. Black's conviction that private capital should be channeled into economic assistance, and his successes in merchandising that conviction, is one of the most significant contributions in the whole field of development assistance.

From his detailed knowledge of private business operations, he was able to package his views and make them acceptable to the international business community. Serving on a wide number of company boards, including Chase Manhattan, International Telephone, Equitable Life, the New York Times, American Express, and Woolworth, to name but a few, he has had and used the opportunity to mobilize private resources and direct them into important development projects.

He also puts his considerable talents to work on problems posed by U.N. Secretary-General U Thant, whom he serves as a special financial consultant. When he deals with concerns and issues of the organizations he helps lead, such as Planned Parenthood, the Brookings Institution, Project Hope, or the Harvard University Center of International Affairs, Eugene Black brings a unique and indispensable style and talent to every effort.

Perhaps the most relevant testimonial to Eugene Black is expressed in a note I received from the Honorable Tun Razak, Deputy Prime Minister of Malaysia. In his letter to me of May 1969, Minister Tun Razak said of Mr. Black:

> We countries in Southeast Asia are fortunate to have such a distinguished and international-minded person as Mr. Eugene Black to help to promote the development of countries in this region.

Eugene Black well deserves that praise, and generous it is when it represents, as it does, the gratitude of such a vast area of the globe. But let us not allow the gratitude of Southeast Asia to be exclusive. We, too, benefit from the talents and devotion of this man. And, Mr. Speaker, if I may expand on Minister Razak's comment, I wish to say that we, too, are fortunate, fortunate to have as our recognized spokesman in international economic development a man who has the demonstrated intellectual stature and problem-solving capacity of Eugene Black. He has served and continues to serve with great distinction.

Mr. Speaker, I ask unanimous consent to further extend my remarks and to include therein letters from outstanding persons recognizing Mr. Black's worth, including the distinguished Speaker of this great House of Representatives; the distinguished majority leader, the Honorable CARL ALBERT; the distinguished minority leader, the Honorable GERALD R. FORD; and letters from

leaders of many of the Pacific nations, including the Vice President of the Republic of China; the Premier and President of Laos; the Deputy Prime Miinster of Malaysia; and the Secretary of Foreign Affairs, the Honorable Carlos P. Romulos of the Philippines.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The letters follow:

THE SPEAKER'S ROOMS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., March 11, 1970.

Hon. RICHARD T. HANNA,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HANNA: It is with great pleasure that I join with you and our many other colleagues who are honoring Eugene R. Black.

He has served our nation in many important capacities, and has brought to all these offices great wisdom and the ability to get things done.

Mr. Black particularly deserves our thanks for his tremendous record of accomplishment while serving as the President of the International Bank for Development and Reconstruction, the World Bank, and during recent years, serving as President Johnson's consultant on economic development for Southeast Asia. In each of these positions, he distinguished himself.

Few Americans have had such an important impact on the less developed world, nor are there many who are so universally respected and well thought of.

Please convey my personal best wishes to Mr. Black.

Sincerely yours,

JOHN W. MCCORMACK.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES, OFFICE OF THE MAJORITY LEADER,
WASHINGTON, D.C., *March 11, 1970.*

Hon. RICHARD T. HANNA,
U.S. House of Representatives,
Washington, D.C.

DEAR DICK: I am very pleased to learn that you are taking time in the House of Representatives on Wednesday, March 11, to pay tribute to the Honorable Eugene R. Black.

Mr. Black is truly one of this nation's most distinguished citizens. A successful banker and business leader, he has also found the time to devote his considerable energies and intellect to a number of public causes. Even more outstanding than his record of business achievement and community service, however, is the remarkable career he has had in the public service of this country and indeed of the world.

It is impossible to enumerate—or even to know—all of the accomplishments of Eugene R. Black during his many years of service with the International Bank for Reconstruction and Development, as President of the World Bank, and as Special Advisor to President Johnson for Economic and Social Development of Southeast Asia. His ideas, his efforts, and the great force of his personality have contributed immeasurably to the unprecedented economic success of most of the nations of the world.

It is indeed fitting that the House of Representatives pause in its deliberations to pay tribute to his service. He has given much to his country and I am confident that he will continue to give of his best in the future.

Sincerely,

CARL ALBERT,
Majority Leader,
U.S. House of Representatives.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES, OFFICE OF THE MINORITY LEADER,
Washington, D.C., March 9, 1970.

Mr. EUGENE R. BLACK,
℅ Hon. RICHARD T. HANNA,
Cannon House Office Building,
Washington, D.C.

DEAR MR. BLACK: Please allow me to add my voice to those of my colleagues who are joining Rep. Richard T. Hanna in honoring you as the House approaches consideration of the Asian Development Bank legislation and the time draws near for the meeting of the Asian Development Bank in Seoul, Korea.

Few men have made the contribution you have in service to our Nation and the world. The peoples of the world are fortunate, indeed, to have your talents available to them.

I have watched your career with great interest. I would like to extend my personal thanks for the many services you have rendered the Nation and the world community. Work like yours is a tremendous contribution to the cause of world peace.

As Rep. Hanna has so well expressed it, there is "no man more worthy of the special recognition of Congress" than Eugene R. Black.

Best regards.

GERALD R. FORD,
Member of Congress.

OFFICE OF THE VICE PRESIDENT,
Republic of China, April 30, 1969.

Hon. JOHN W. MCCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

MY DEAR MR. SPEAKER: It is my privilege to address a testimonial to Mr. Eugene R. Black, who is doubtlessly one of the most distinguished citizens not only of the United States but also of the whole world.

Mr. Black is a man of vision, judgment and ability. In the field of economic and social advancement, especially in developing countries, he has used these attributes to the fullest extent and, as a result, accomplished outstanding achievements. Peoples of Southeast Asia are most grateful to his advice and assistance which have been given, generously but wisely, during his long and eminent career, first as President of International Bank for Reconstruction and Development and then as President Johnson's Special Adviser on Southeast Asia.

The people and the Government of Republic of China appreciate very much the important role which Mr. Black has played in helping us in our efforts towards economic and social progress. We benefit from his experience, encouragement and inspiration. We believe his help is a significant factor in bringing about our preformance in these major fields of national life. Indeed, Mr. Black has helped set an excellent example of what can be done in most developing countries by the combination of their own conscientious endeavors and the assistance rendered by economically advanced nations.

I wish also to add that Mr. Black has contributed very fruitfully to further cementing the traditional friendship and cordial relationship between the American and Chinese peoples.

Sincerely yours,

YEN CHIA-KAN,
Vice President and concurrently President of the Executive Yuan.

KINGDOM OF LAOS,
Vientiane, April 23, 1969.

Hon. RICHARD T. HANNA,
Washington, D.C.

MR. CONGRESSMAN: It gave me great pleasure to take cognizance of your letter of April 14, 1969, in which you were so kind as to inform me of your plan to encourage your country to cooperate with the Asian leaders in the development programs and, as Prime Minister of a developing country, I can only thank you very sincerely for your personal interest in the economic future of my country.

Moreover, I am very happy to learn that you intend to introduce a resolution in the United States House of Representatives to honor His Excellency Mr. Eugene Black for the services rendered by him to his own country and to the International Community when he was President of the World Bank and Advisor to President Johnson on Southeast Asian Affairs. I congratulate you upon this fortunate initiative. His Excellency Mr. Eugene Black is a well known figure in Laos and greatly esteemed by the leaders of my country. I must say that he rendered on several occasions appreciable services to Laos.

I ask you, therefore, to convey to him my esteem and that of the Royal Government of Laos.

Please accept, Mr. Congressman, the assurance of my very distinguished sentiments.

Prince SOUVANNA PHOUMA.

DEPUTY PRIME MINISTER,
Malaysia, Kuala Lumpur, May 26, 1969.

Hon. RICHARD T. HANNA,
House of Representatives,
Washington, D.C.

DEAR MR. HANNA: Thank you for your letter of 14th April, 1969. I am pleased to learn that you plan to introduce a Resolution before the U.S. House of Representatives honouring Mr. Eugene Black for his long service both to his own country and to the international community.

I endorse your proposal as a very timely one and we countries in Southeast Asia are fortunate to have such a distinguished and international-minded person as Mr. Eugene Black to help to promote the development of countries in this region. He certainly deserves our gratitude and great appreciation, and I would like to associate myself and my Government with your proposal to accord Mr. Black the honour and recognition for his outstanding services to the U.S. and the developing countries.

Yours sincerely,

TUN HAJI ABDUL RAZAK BIN HUSSEIN.

THE SECRETARY OF FOREIGN AFFAIRS,
Manila, April 23, 1969.

Hon. RICHARD T. HANNA,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HANNA: This is to acknowledge receipt of your letter of April 14th and to express my satisfaction that your visit to our region has given you an insight into the vast potential of Southeast Asia.

I have a high personal admiration for Mr. Eugene R. Black whom I have known for many years and who is a dedicated public servant and a statesman and diplomat.

It is my hope that you will continue your interest in our region to strengthen the bonds of friendship that unite us with the United States.

Sincerely yours,

CARLOS P. ROMULOS.

Mr. PICKLE. Mr. Speaker, I rise to join my colleague from California in honoring Eugene R. Black. It is appropriate that this honor originate with Congressman HANNA because he is a member of the House Banking and Currency Committee and a close friend of this great American.

With the national attention focusing on this country's role in the economic development in foreign lands, it is significant that we underline the successful efforts of Eugene Black. More than any single other man, Eugene Black forged the World Bank into a viable and efficient operation.

In banking circles throughout the en-

tire world, Eugene Black is recognized as an expert who is concerned with the human side of the balance sheet as well as the debits and credits. This man's career would serve as a guide for any student of economic development.

I know, for example, the many times that Eugene Black served President Lyndon B. Johnson with crystal clear advice that cut to the heart of extremely complicated foreign and domestic economic programs.

Eugene Black is a banker's banker; but more than that, he is a man of conscience and heart and has given truly great service to this Nation.

The important thing to remember is that this banker used his office and talents to help other people. He recognized that we must help those not able to help themselves directly, but who could help if we gave them the means to become a sustaining and developing nation. Thus, Eugene Black has helped his fellow men here and throughout the world by affording them opportunity and dignity.

I am proud to be a part of the tribute to this man who has held the trust and confidence of the President of the United States.

Mr. HANNA. Mr. Speaker, I now yield to the gentleman from Georgia (Mr. STEPHENS).

Mr. STEPHENS. Mr. Speaker, I thank the gentleman for yielding to me.

I want to express my appreciation to the gentleman for the opportunity that he has given the Members of the House to express their real appreciation for Eugene R. Black. This appreciation should be extended to him by all Members of the Congress and by the people of the United States.

Mr. Speaker, I am delighted to join the gentleman from California because we in Georgia look upon Eugene Black, a native Georgian, as one of our distinguished sons. I have had a personal interest in Mr. Black because his mother's family comes from my hometown of Athens, Ga., and my mother was named for his great aunt. One of his ancestors was in Congress from my district when Andrew Jackson was President. His grandfather was Henry W. Grady, editor of the Atlanta Constitution, who did more to bring the North and South back together after the War Between the States than any other one person in America.

Eugene Black has done a great job in continuing that work which his grandfather started. However, as was recently said of him, there was no generation gap between Eugene Black and his grandfather, because his father was a distinguished public servant, having been a director of the Federal Reserve. Eugene Black's great-grandfather died as a Confederate soldier, and his name is on the Confederate Monument in my hometown.

But, Eugene Black, first World Bank president, has built a monument for himself as an international financial leader—a monument of which all the people of the United States should be proud.

Mr. Speaker, I had the pleasure of having Eugene Black visit in my home, and spend the night with me in Athens, Ga., this last fall when the Blue Key Society gave honor to him as a distinguished graduate of the University of Georgia. At that time Mr. Black told me that he had been graduated from the University of Georgia at the age of 17, and that he had, of all things, majored in Latin. I cannot imagine anyone today majoring in Latin.

I also had the opportunity of being with him on an earlier occasion with members of the Committee on Banking and Currency who went to the signing of the charter for the Asian Development Bank, which was one of Eugene Black's great and fond projects. Before I came to Congress, I had known of him for many years because of his prominence as the President of the World Bank. I am also proud to say that my immediate predecessor in Congress from the 10th District of Georgia, the Honorable Paul Brown, was the sponsor of the World Bank legislation.

I have just finished reading a book that Eugene Black wrote in 1969, entitled "Alternative in Southeast Asia." I recommend it highly for the Members of Congress.

The day before yesterday I read in the paper that the President had announced a new departure on foreign aid which recommends dismantling AID and creating a U.S. International Development Bank. Let me read an excerpt from the book of Eugene Black that I mentioned indicating his foresight on this:

> We need a new rationale for foreign aid and a new means of practicing development diplomacy. * * *
>
> Ten years hence, say, I personally would like to see most of what we call foreign aid channeled through international or regional banks or funds. I think it is going to be less and less possible for the United States to exercise economic power through bilateral foreign aid, even if this were deemed desirable. The more that other governments learn the rudiments of development finance, the less they are going to accept our participation in their domestic policy decisions. Nor is such participation necessarily desirable even if it can be made temporarily acceptable. I question whether the scale or the character of bilateral intervention that has characterized our foreign aid program in the past any longer represents a real national interest.
>
> As a development banker, I am frankly a partisan of multilateral and regional organizations, partly because while President of the World Bank I learned how effective they can be and partly because it is possible in such organizations to insulate the business of development finance somewhat from the competing and conflicting interests that beset all national governments.

What he wrote in 1969 are the recommendations that have been made to the President in 1970 for a commission. I heartily agree with this, and it is more indicia of the leadership and intelligence of Eugene R. Black in American policy so far as development of foreign countries is concerned.

Again, Mr. Speaker, I thank the gentleman from California for allowing me this opportunity to join with him in this tribute to Eugene R. Black.

Mr. HANNA. I thank the gentleman.

Mr. REUSS. Mr. Speaker, Eugene R. Black has devoted his considerable talents and energies to improving the circumstances of all men.

Few—there are few men whose lives have been as full of accomplishment as has Eugene R. Black's. The list of his achievements in all fields is long.

He is a past president of the World Bank. He served former President Johnson as Special Adviser for Economic and Social Development of Southeast Asia.

I am particularly proud to have worked with Eugene Black in helping set up the Asian Development Bank. If any one man's effort served as the catalyst that made the creation of this unique financial institution possible, it was Eugene R. Black's.

The Asian Development Bank is an international development financial institution established by 31 member countries to lend funds, promote, investment, and provide technical assistance in Asia, and generally to accelerate the economic progress of the developing member countries in the region, collectively, and individually.

The Bank has two features which make it unique. First, it is an Asian Bank, conceived by the United Nations Economic Commission for Asia and the Far East—ECAFE—it is located in the ECAFE region; over 60 percent of its capital is subscribed by 19 countries within the region; the President and seven of the 10 directors come from the region.

Second, unlike certain regional financial institutions, the membership of the Bank extends beyond the region; many countries outside Asia have contributed to the Bank's capital structure and are represented on the Board of Directors and professional staff on the Bank.

The doors of the Bank were officially opened for business on December 19, 1966. Without the efforts of Eugene R. Black, this might not have come to pass.

Today, the Asian Development Bank is playing an important role in spurring economic development in Asia and the Far East.

Mr. Speaker, it is too seldom that we take time to recognize the accomplishments of men like Eugene R. Black, who work long and hard, but all too often go unrecognized and unpraised.

I am glad to have had the chance to recognize Eugene R. Black today.

Mr. ZABLOCKI. Mr. Speaker, it is a privilege for me to join with our esteemed colleague, the gentleman from California (Mr. HANNA), and other colleagues in paying tribute to the renowned and distinguished American, the Honorable Eugene R. Black.

It is a particular strength of our United States that men of great talent and wisdom such as Eugene Black are willing to forgo opportunities for personal enrichment or a life of ease in order to contribute their skills to the welfare of the Nation.

There is no better example of such exemplary and patriotic conduct than the life of the man we honor here today. Beginning in 1937 when Mr. Black left a successful career as a banker to become executive director of the International Bank for Reconstruction and Development at the age of 39, until the present day, he has always put his country's interests ahead of his own.

More than that, however, he has been a world figure, first as head of the Inter-

national Finance Corporation and then of the World Bank, who has symbolized the abiding interest of the United States in the economic development and progress of all the world's people.

It has been my privilege to be associated closely with Mr. Black in recent years during his service as special adviser to President Johnson on the economic and social development of Southeast Asia and I was chairman of the House Foreign Affairs Subcommittee on Asian and Pacific Affairs.

Vivid in my memory is an appearance which Mr. Black made before the subcommittee on March 4, 1968, to discuss the role which the United States would be required to play in Asia and the Pacific during the 1970's.

He had just returned from the last of three extensive and exhausting trips to east Asia taken during a 3-year period at the direction of the President. He shared with the committee his impressions of the capacity of countries of Asia for organizing their resources for growth and human welfare. This capacity was particularly enhanced when they had real confidence in their national security.

He emphasized that the United States should continue to have a sizable role in Asia during the 1970's but that role should stress peaceful and constructive purposes and should be exercised, as far as possible, through the private sector.

To foster orderly change in Asia, Mr. Black suggested the importance of the United States subscribing a large sum to the "soft loan" window of the Asian Development Bank, an institution he was instrumental in establishing.

To date, the United States has failed to make a substantial commitment to the special fund of the Asian Bank. President Nixon has asked that $100 million be authorized and appropriated by Congress for that purpose. I believe our national interest in Asian economic and social development requires a contribution of that magnitude at this time.

Favorable congressional action would be a concrete expression of U.S. sincerity in assisting nations and groups of nations intent on helping themselves. Aiding the less fortunate peoples of the world to a better future was the prime interest of Eugene Black. Although he has reached the age when men normally retire he is still serving the cause of human welfare. I am sure that in the years ahead Mr. Black will answer the call when there will be a need for his wise, expert judgment. Let us, therefore, wish him many more years of service to our country as we express our gratitude and esteem for the momentous tasks he already has accomplished.

Mr. MOORHEAD. Mr. Speaker, in "The Rich Nations and the Poor Nations," Barbara Ward said that the distinction between rich nations and poor nations is one of the great dominant political and international themes of our century. She might have added—the gap between rich people and poor people also, as this is surely one of the most tragic and urgent problems within our own country today.

I can think of no man who has done more to try to close this gap than the man we honor in the Congress today—Mr. Eugene Robert Black—who has devoted his great knowledge, energy, and enormous organizational talent to the role of economic development, in this country, and in the underdeveloped nations of the world.

Mr. Black comes from a banking family. He understands money and the use of capital; he understands the need for regional cooperation and integration of resources.

It was my privilege to be a congressional advisor at the Manila Conference which formally approved the charter establishing the Asian Development Bank in December of 1965, and I recall Mr. Black's great optimism about the future of Southeast Asia where he felt that our financial investment would provide a unifying force for peace. He understood the evolution of development and the concept of self-help whereby development assistance is used to help poor people and poor countries evolve the technologies and institutions appropriate to their circumstances, so that they can later stand on their own.

We could acclaim this distinguished and qualified public servant for his efforts and service as President of the International Bank for Reconstruction and Development, for his special role as Advisor for Economic and Social Development of Southeast Asia, for his leadership as president of the World Bank, for his achievements as one of the senior vice presidents in the civic-minded Chase Manhattan Bank, for serving on a long list of boards of financial, international, and charitable organizations.

But I feel it is in the role of financial adviser and motivator to the principle of self-help in the developing countries of the world that his star shines brightest, and for which we are most indebted.

Mr. BINGHAM. Mr. Speaker, I am pleased to join my colleagues today in honoring a great and distinguished American. Eugene R. Black is one of that select and remarkable group of Americans who have dedicated their skills to public and international service.

After a successful career in domestic banking, Mr. Black turned his considerable talents to the problems of international economic development. Serving as President of the World Bank for 16 years, Eugene R. Black's name has become synonymous with economic development. Under his guidance the World Bank evolved from its early postwar reconstruction orientation into the primary international lending institution for economic development. In so doing the World Bank gained a reputation for judgment and effectiveness seldom matched in international organizations. This reputation is directly attributable to Mr. Black's unrelenting pursuit of excellence.

Eugene R. Black's long list of honorary degrees from Yale, Columbia, Syracuse, Harvard, Princeton, and other American and foreign universities is a fitting testament to his long service in the promotion of improved standards of living among all people. It is equally fitting that the Members of Congress add their own praise to that already accorded this outstanding American.

In paying tribute to Eugene R. Black, we give recognition to a record of achievement and dedication that has contributed greatly to the cause of international well-being, understanding, and ultimately, world peace.

GENERAL LEAVE TO EXTEND

Mr. HANNA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks relative for this subject matter.

The SPEAKER pro tempore (Mr. MATSUNAGA). Without objection, it is so ordered.

There was no objection.

THE LATE HONORABLE JAMES B. UTT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MAILLIARD) is recognized for 60 minutes.

Mr. MAILLIARD. Mr. Speaker, occasionally one finds in a man a special blend of courage, integrity, character, and principle. Our late colleague, Congressman JAMES B. UTT, was the embodiment of that rare blend.

As a citrus grower in southern California, Congressman UTT added to the development of that important industry. As a practicing attorney in Santa Ana, he contributed to the growth and prosperity of that community.

Congressman UTT's death comes as a particular blow to the people in his district, whom he faithfully served as an assemblyman and as a nine-term Representative of the U.S. Congress.

In life, Congressman UTT was a patriot of the first order. In death, he bequeaths to his countrymen a legacy of outstanding public service and civic achievement. Whether one agreed with him on any particular issue or not, one could not help admiring his steadfast adherence to belief and commitment.

Mr. Speaker, coming so soon after the passing of Glen Lipscomb, the death of JIMMY UTT is a real blow to the California delegation. Apart from his distinguished political career, JIMMY was a warm personal friend.

My heartfelt condolences go out to his wife, Charlena, and to his family.

Mr. Speaker, I know many Members will wish to express themselves, some of whom could not be here this afternoon—therefore I ask unanimous consent that all Members desiring to do so may have 5 legislative days to extend and revise their remarks and include extraneous material.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. GERALD R. FORD. Mr. Speaker, would the distinguished gentleman from California yield?

Mr. MAILLIARD. Mr. Speaker, I yield to the distinguished gentleman from Michigan, the minority leader.

Mr. GERALD R. FORD. Mr. Speaker, an individual who is loved by all is most blessed among men, and it is in that vein that I speak today about our dear, departed colleague, JIMMY UTT. JIMMY was that most enviable of men, one with scores of friends.

JIMMY was the friend of every man in this House, and we in turn responded to the obvious affection which JIMMY showered upon everyone. That was the key trait in JIMMY's personality, it seems to me—a genuine friendliness that expressed a respect for all other human beings.

We all know why we loved JIMMY. He was a humble man. He was unpretentious. He was honest. He was the soul of integrity. And he loved other people.

JIMMY was a man of principle. He knew what he believed in. Once you had JIMMY on your side, you knew he would stick by you no matter what. He was as solid as the Rock of Gibraltar.

JIMMY UTT was a strong anti-Communist. He was deeply disturbed by the permissiveness in our society, by the open anarchy we have witnessed in recent years, and by the revolutionary movement which has manifested itself in our country.

There was a time when many well-meaning and loyal Americans thought JIMMY UTT was greatly exaggerating the Communist danger in America. They now have come to believe otherwise.

This is the man we have lost—a fine human being and a fighter for the truth. I express my condolences to JIMMY's widow, Charlena and to his son. We shall all miss our beloved colleague.

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

Mr. MAILLIARD. I yield to the distinguished majority leader.

Mr. ALBERT. I thank the gentleman for yielding.

Mr. Speaker, I desire to join my colleagues in paying tribute to our late departed friend and colleague. JIMMY UTT was a very wonderful person. Although he seldom voted with me, I always respected his deep sincerity, his devotion to principle, his love for his country, and his respect for this Chamber and its mission in our country. We have lost a very able and wonderful friend. I extend my deepest sympathies to his widow and loved ones.

Mr. TEAGUE of California. Mr. Speaker, will the gentleman yield?

Mr. MAILLIARD. I yield to my colleague from California.

Mr. TEAGUE of California. I am not at all good at delivering eulogies. However, I do wish to extend my deep sympathy to Charlena and other members of the Utt family. I have never known a more genuine, sincere, nonphony man than JIMMY UTT. More than that, he was kind, gentle, and yet very, very strong at the same time. That took some doing. Very few mortals, or indeed immortals, have or had those qualities.

JIMMY will be sorely missed and can never be replaced.

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

Mr. MAILLIARD. I yield to my colleague from California, Mr. HANNA.

Mr. HANNA. I thank the gentleman.

Mr. Speaker, I, too, would like to join in expressing sentiments on this sad occasion, and for obvious and sensible reasons. I represent a constituency that was once represented by Mr. UTT. He and I were joint colleagues in representing the interests of Orange County. We sat on different sides of the aisle. We voted often on different sides of a question. But when it came to serving the people of our area, I could always count on his support and his encouragement.

To me, JIMMY UTT was a combination of courage and courtesy. His courage had my respect and his courtesy was most welcome because of its genuineness and its readiness. I certainly will miss JIMMY UTT in this House as a colleague, as a friend, and as an ally.

I was greatly saddened to have to make my trip back home for such a sad occasion. My sympathy and that of my family goes out to his wife and his children.

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

Mr. MAILLIARD. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, although I am not a Californian, I had a deep affection for three of the great Congressmen from your State that we have lost in the last year or so. The first was Art Younger, behind whom I served on the Interstate and Foreign Commerce Committee. Then came Glen Lipscomb, another dear friend. Finally, JIMMY UTT.

I happen to have been honored to meet at a breakfast club each Wednesday morning here in the Capitol at 8 o'clock. JIMMY UTT presided over those meetings. It was known as the Younger Breakfast Club until we lost Art, and then it was called the Utt Breakfast Club. Last Wednesday we had a vacant seat at the breakfast table there, in honor of JIMMY. We have decided to call it the Younger-Utt Breakfast Club for whatever condolence it may be to the rest of us. But it was on these occasions that about a dozen of us each Wednesday morning would meet to discuss the affairs of the Nation and the great issues of our times. We would talk about what was going on before each committee.

JIMMY, as the unofficial chairman, normally presided over the meeting and made a great contribution because of his service on the very important Ways and Means Committee and the fact that he was known by our colleagues as Mr. "Conservative" and Mr. "Integrity."

We will all sorely miss him, and I do hope California can continue to provide us with great Congressmen like JIMMY UTT and Art Younger and Glen Lipscomb.

Mr. MAILLIARD. Mr. Speaker, I yield to the gentleman from California (Mr. VAN DEERLIN).

Mr. VAN DEERLIN. Mr. Speaker, like Congressman HANNA, who spoke a moment ago, I am privileged to represent a portion of San Diego County which was once represented by Mr. UTT. As a matter of fact, 18 years ago this very campaign season I was Mr. UTT's opponent. He gave me my first and, by far, my worst defeat. I suppose when I came back here, finally, 10 years later, I might have still felt some of the rough edges from that defeat. But JIM UTT was the the sort of person against whom such feelings would have been utterly impossible to hold.

More than that, I have always felt that responsible views all along the political spectrum are entitled to the clearest and most articulate expression that can be given in a parliamentary body. As a spokesman for conservatism in this country, Mr. UTT always was a voice of independence, courage, and devotion to a cause—a cause not always popular. He was one who could be listened to with respect. And, although often disagreeing with Mr. UTT, I can say that I wish our Nation had more men of his independence and conviction.

My name starting with "V" and being the first of the "V's", and his name starting with "U" and being the last of the "U's," we voted back to back in House rollcalls. JIM used to have a private joke with me that when we both answered "aye" on the same rollcall, or when we both answered "nay," he would always immediately re-examine his position to see if it was a correct one.

I cherish that recollection, and I could not be more sincere when I say I shall miss him and remember him affectionately.

Mr. MAILLIARD. Mr. Speaker, I yield to the gentleman from California (Mr. GUBSER).

Mr. GUBSER. Mr. Speaker, democracy, like the weather, is a subject which is often discussed but seldom understood. JIMMY UTT was one who understood it.

I was privileged to come to this body as a freshman in the same class with JIMMY UTT. Over the past 17 years I have enjoyed his friendship and valued his counsel. I shall hold many pleasant memories of him and during the rest of my life will constantly benefit from having known him. But my most vivid memory of our dear friend and colleague will always be his deep understanding and love of the freedom which is guaranteed by this representative democracy—our republican form of government.

The hallmark of our free system of government is its guarantee of the right to be different and the right to be an individual, regulated only by those laws which the common good requires. I believe this is what our Republic meant to JIMMY UTT.

JIMMY was dedicated to freedom. In the exercise of his conscience he insisted, with almost a religious fervor, that government should exert only a minimum of pressure to conform each individual in a government-prescribed mold. This was his philosophy.

We who knew JIMMY UTT well are familiar with his total commitment to this principle and his complete dedication to making the maximum freedom possible. He did not shirk from his responsibility and duty as a citizen beneficiary of free government. He was an activist in promoting the principles in which he believed.

His basic beliefs in free government were as solid as his religious precepts. They did not waver and vary with the

changing climate of politics. His principles were never turned on and off with the ebb and flow of public opinion. They remained solidly implanted in his conscience, as enduring as the principles in the Sermon on the Mount.

This is what I will most remember of my friend and colleague, JIMMY UTT—his dedication to freedom and his persistent adherence to principle.

Free government has lost an important spokesman, let us hope that the example he set will inspire others in the future to fight for principle as he did.

I express my personal sorrow over the loss of JIMMY UTT and extend my sympathy to his good wife, Charlena, and all of his family. I hope they may bear this great loss with the determination and the strength which we knew in JIMMY UTT.

Mr. MAILLIARD. Mr. Speaker, I yield to the gentleman from Missouri (Mr. RANDALL).

Mr. RANDALL. Mr. Speaker, on that sorrowful Monday morning when we looked at the flag and saw it at half mast, the inquiry is always "Who is it?" When we found out, I am sure all of the Members of this House who knew JIMMY UTT were grieved. Our acquaintance with this good friend has grown steadily and blossomed over the years. When we first came here back in the 86th Congress our beliefs and his were diametrically opposed. He could not always understand our viewpoint and outlook.

We talked together frequently and walked through the tunnel together in the days before we had the little cars. Over the years we have discussed many problems. He was strong in his belief about conservatism. I am sure that we became better acquainted and better attuned to each other as the years went by. On many issues, I came to understand the alternatives better after talking to JIMMY UTT. We are going to miss him. I live a long ways from California but I respected and had high regard for JIM UTT. He was dear to the hearts of most of his fellow members because of his sincerity and his great courage. We all grieve his passing. We extend our sympathy to his wife, his sons and all of his survivors.

Mr. MAILLIARD. Mr. Speaker, I now yield to the gentleman from California (Mr. DON H. CLAUSEN).

Mr. DON H. CLAUSEN. Mr. Speaker, this House has lost one of its most knowledgeable legislators and I have lost a highly respected and treasured friend.

JIMMY UTT was, first and foremost, "his own man." He believed very strongly in this great country and never failed to translate his strong beliefs into action, particularly on the House Ways and Means Committee.

Those of us who were regular attenders with JIMMY at the congressional prayer breakfast considered it an honor and privilege to share a few moments with him each week, because of his vital, vibrant, and wholesome outlook on life. He was a devout and practicing Christian.

I would like to extend my deepest sympathies to his wife, Charlena, and to his son, and to his very loyal staff that is present in the Chamber of the House.

There is no doubt in my mind that JIMMY's guiding principle was, "to thine ownself be true."

He was truly a dedicated American and a dynamic spokesman for the conservative philosophy who will not be soon forgotten by those who were associated with him. His friendship and his strength will be truly missed.

On a personal note, I want to record, permanently, in the CONGRESSIONAL RECORD, how much I appreciate what JIMMY UTT did for me and what he meant to me.

It was JIM that took the time to advise and counsel me when I first arrived in the Congress 8 years ago. We both believed strongly in our time-proven system of government and stanchly defended "the Republic for which it stands." On many occasions we would participate in meetings and forums where efforts to protect and preserve the basic precepts of our Constitution were being advanced.

It was JIM UTT that assisted me, as California's representative on the committee on committees, in obtaining the important Public Works and Interior Committee assignments, I now hold. Because of his willingness to have confidence in my efforts, I am convinced California will benefit from our joint efforts in the harbor and water development programs now pending before the congressional committees. I was delighted to hear JIMMY say, just a week ago,

> DON, I know that I can always count on the CLAUSENS (CLAUSEN and CLAWSON) to do their homework.

Coming from this dedicated, distinguished, and trustworthy congressional colleague from Orange County, Calif., I consider this to be one of the highest tributes ever bestowed upon me. Coming as it did, from a close friend—a man for whom I had the greatest admiration and respect—I shall remain eternally grateful to this outstanding American.

JIMMY, we will miss you immensely but the things you stood for will, I am convinced, live on forever.

Mr. MAILLIARD. I thank the distinguished gentleman for his comments.

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

Mr. MAILLIARD. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Speaker, I appreciate the gentleman yielding and giving me this opportunity to join in the remarks that are being made this afternoon in tribute to my good friend and departed colleague, JIMMY UTT.

Mr. Speaker, I came to this Congress almost 6 years ago. I do not think that I knew JIMMY for the first 2 years that I was here, except by name. We passed and he spoke. He always spoke softly. But over the years I got to know him and to know him well. I served on the Republican executive committee on committees with him, and the gentleman who has just spoken, the gentleman from California (Mr. DON H. CLAUSEN), was certainly right when he referred to the influence that JIMMY had in the making of important committee assignments. The main thing which impressed me so much about JIMMY after I got to know him well was his strong resolve and dedication of purpose, his resourcefulness, and the fact that one always knew where he stood.

Mr. Speaker, I suppose it might be considered a little odd that I would have an affinity and a strong friendship for JIMMY since he came from the great State of California and I come from the great State of Alabama. But, one might say that JIM was my kind. He has come down on occasion to speak for me in my district in Alabama.

Mr. Speaker, I know of no man in this Congress for whom I had a higher regard than I did for JIMMY and a warmer affection than I did for JIMMY, nor do I know any man who merits the esteem and high regard any more than our good and departed friend JIMMY UTT.

Mr. Speaker, I would like to take this opportunity to offer my condolences to the family of my friend, a great American, JIMMY UTT, and to his other friends who will feel his loss so deeply.

Mr. MAILLIARD. I thank the distinguished gentleman from Alabama for those kind comments.

Mr. SMITH of California. Mr. Speaker, will the gentleman yield?

Mr. MAILLIARD. I yield to the distinguished gentleman from California.

Mr. SMITH of California. Mr. Speaker, I share the grief of my colleagues today in the passing of another friend. Within a month to the day, the State of California has lost two of its distinguished Members of Congress—my closest friend of 20 years' duration, the late Glen Lipscomb—and now my good friend, JIMMY UTT.

Every so often a man comes along who is completely honest, trustworthy, and courageous. JIMMY UTT was such a man. He believed in these things as well as the U.S. Constitution, freedom of the people and in God. He was willing to and did devote many years of his adult life in serving the people. He was a regular at the House prayer breakfast, and his final illness struck when he was attending the Sunday morning worship service of his church. JIMMY would have been 71 years of age today.

I remember so well it was Jimmy and Charlena Utt from whom I received the first expression of good wishes in the form of a handwritten, personal note at the time I suffered my heart attack in January 1967.

The last time I saw Glen Lipscomb was on Tuesday morning prior to February 1. I realized from our conversation he was, indeed, a very sick man. That afternoon on the House floor, JIMMY UTT asked me how Glen was doing and I stated he was very, very sick. JIMMY said to me:

> I am seventy years old. I have served most of my life, I wish there was some way that I could take his place. Glen has so much to live for.

JIMMY was a conscientious and cooperative gentleman who commanded the respect of all. He was always straightforward in his comments and all of his constituents knew exactly where he stood on each and every issue. At the same time, he was a soft-spoken and kindhearted gentleman. I do not recall his ever having said an unkind word about any other individual.

His effective service—especially as one of the ranking members of the very important House Ways and Means Committee—will be reflected for years to come. He worked with great dedication and great cooperation, not only with the members of the California delegation but with all other delegations in his position on the Republican committee on committees.

Congressman UTT was a devoted husband, a loving father and grandfather, and a distinguished Member of Congress. Elizabeth joins me in expressing our deepest sympathy to his wonderful wife, Charlena, his son James, and to his grandchildren, as well as to the other members of his family.

Mr. MAILLIARD. Mr. Speaker, I yield to the gentleman from California (Mr. PETTIS).

Mr. PETTIS. Mr. Speaker, I am grateful to the gentleman for yielding to me. As I have been sitting here listening to these tributes to our good friend, JIMMY UTT, I have been thinking that probably I have a unique experience to relate in that I am probably the only Member of this body who for at least 15 or more years was a constituent of JIMMY UTT. He never knew at that time that I was going to be a Member of this body, and so therefore I consider in all honesty and candor that, as a constituent, JIMMY UTT was a very wonderful Congressman, and I know that all the constituents he had felt and feel the way I do. Whether you were a Republican or a Democrat, JIMMY UTT answered his mail and took care of the problems of his constituents. I remember very well the many problems I took to JIMMY UTT and the very responsive way he handled those problems.

So now that I am a Member of this body I can judge a little more fairly the kind of man that JIMMY UTT was in terms of the service that he rendered to his country, and to the people of his district, and I can truthfully say this afternoon that JIMMY UTT was a Congressman's Congressman.

I will sorely miss JIMMY UTT from this place. I wish to join with the other Members who have expressed their sorrow this afternoon, and to join in the tributes that have been paid to him.

Mr. Speaker, I would like to take another moment to pay tribute to this outstanding American.

Congressman JAMES UTT, of California, was a true patriot, a valuable Member of Congress and a great friend.

With the passing of Congressman UTT, we have not only lost a man who at all times put his country first, but the conservative cause has lost one of its most prestigious leaders.

As the second ranking Republican on the House Ways and Means Committee, Mr. UTT was the conscience of those who were seeking a balanced budget and tightening of governmental spending.

There were many of us who knew that spending programs were OK, if JIMMY UTT said they were.

There were many of us who turned to JIMMY UTT for leadership against the rise of socialism in our Government.

We shall all miss JIMMY UTT.

We shall miss his soft spoken determination.

We shall miss his great love for country and flag.

There will never be another JIMMY UTT in this Congress.

But many Members of Congress will be better for having known him.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MAILLIARD. I yield to the gentleman.

Mr. STEIGER of Wisconsin. Mr. Speaker, I have listened this afternoon to the eloquent tributes being paid to JIMMY UTT. While I am not one who has served long in this body nor who was a close friend of JIM UTT, I am struck by how inadequate words are to express the sense of loss and sorrow for the death of a man like Congressman JIM UTT.

I first remember learning of a Congressman from California named JIMMY UTT because of his efforts in the 1950's and his very deep convictions which were shared by many people in Wisconsin and in the Sixth District of the State of Wisconsin.

It seems to me that JIM UTT was an extraordinary politician in the very best sense of that word. Because of his principles, because of his convictions, because of his very deep belief in this Republic, he stood as a rock at a time when sands shifted or those in politics would take diffierent views from those which he held.

I felt a very deep personal sense of loss when the news of his death came. I know of no way that I, as one young Member of this Congress, can pay tribute to a man to whom I looked with respect and affection except to indicate simply that his deeds, his words and his beliefs have to stand as a guidepost, for those like myself who come after him. This gentleman of quiet conviction will be missed. Mrs. Steiger joins with me in extending our sympathy to Mrs. Utt and to his family.

Mr. DEL CLAWSON. Mr. Speaker, will the gentleman yield?

Mr. MAILLIARD. I yield to the gentleman.

Mr. DEL CLAWSON. Mr. Speaker, these are sorrowful occasions for all of us in having to lament the loss of another colleague, particularly in such a short time, from California.

Mr. Speaker, JIM UTT has endeared himself to all the Members of this House whether they were his political enemies or they were very favored friends.

Long before coming to Congress, it was my privilege to know personally and by reputation our friend and colleague, JAMES B. UTT of California. His firm, unwavering position on problems and issues facing our country placed him in the category of a controversial figure. Even his enemies, however, never questioned his sincerity of purpose and personal integrity. Self-deception was never a quality of character of JIMMY, as we all affectionately knew him, and as a result he could in turn treat all men with complete honesty and candor.

JIMMY served this Nation during a period of upheaval and social revolution that frequently in more recent years erupted into violence and destruction. Unhesitatingly, he denounced these threats to our free and private enterprise system with strength, vigor, and personal conviction. His detractors were active in their criticism, yet his humble, spiritual strength seemed to always sustain him in the political battle arena. It can be said of JIMMY, as it was said over a hundred years ago about Jackson by Gen. Bernard E. Bee at the Battle of Bull Run, when he pointed to Jackson's line and shouted an immortal battle cry, "There is Jackson standing like a stone wall. Let us determine to die here and we will conquer."

Unyielding and resolute in his faith and conviction of the destiny of America, JIMMY stood like a stone wall against all opposition. His life is a permanent record affirming the right of the individual to determine his own course—to make his own choices—to succeed or fail as these decisions led him through life.

A deeply religious Christian, JIMMY was generous in giving of his substance and time to religious thought and spiritual action.

He became a valued confidant and friend during our association as Members of the House. Especially did he go the second mile in making my first few years of service here more fulfilling and satisfying because of his willingness to spend time with a junior Member. His counsel and advice will continue to help me in the years ahead and his passing leaves a void in our lives that is irreplaceable.

Today I think all of us ask that the Good Lord above pour out his spirit and sustaining influence on Charlena and the family with the Christian witness of life hereafter and the promise of the resurrection when we can all again be reunited in an eternal spirit of love and brotherhood. The spirit of JAMES B. UTT will continue in immortality and will live with us throughout our lives.

Mr. ZION. Mr. Speaker, my parents were constituents of the Honorable JIM UTT. They and their friends felt a special attachment to their dedicated Congressman. This gave me a special reason to chat with JIMMY, too. He was the kind of man you sought out because of his knowledge, his integrity, and his forthright manner of expression.

I especially was impressed by his devotion to God and his quiet influence over the regular Thursday morning prayer breakfast.

There is no doubt but what my political philosophy was influenced by JIMMY UTT. I am sure many other Members of this body have been influenced in a similar manner.

There is a little bit of JIMMY UTT in each of us that were privileged to serve with him.

Many generations of legislators will be better people, and more competent in their work because they were able to sit at the feet and be inspired by the great gentleman from California, the Honorable JIMMY UTT.

Mr. LLOYD. Mr. Speaker, one of JIM UTT's last public appearances was made in my district. Inasmuch as he owned property in Iron County, Utah, I had invited him to attend and be the prin-

cipal speaker at the Lincoln Day dinner in St. George, Utah, and he had very considerately consented. He was typically cooperative and came at his own expense where he visited his holdings in Iron County and then spent the night with us in St. George in Washington County.

As the principal speaker before an audience of nearly 300 persons who had gathered in his honor, he was typically forthright, honest, and on target in his defense of the constitutional principles to which he was so deeply dedicated.

At the conclusion of this address, there was a long and prolonged applause such as I have rarely heard for a speaker.

JIM UTT was a considerate and gentle American who articulated basic truths in a way which drew the understanding and appreciation of American citizens throughout the entire Nation.

To Mrs. Utt and to his family and friends, Mrs. Lloyd and I extend our sympathy and respect in this genuine expression of appreciation to a man who lived every day in the service of his country.

Mr. CRANE. Mr. Speaker, the death of Congressman JAMES B. UTT, of California, has taken from the ranks of the House a man of high principle and deep devotion to his country. For nine terms in the Congress, he was constant in his support of the traditional moral and ethical values of our society, and in his defense of the American political and economic system.

JAMES B. UTT was a man of great integrity and ability; he served his constituency well. He served a national constituency as well—representing all the millions of Americans who shared his concern that the "zeitgeist" of the mid-20th century cannot but erode our freedom at home and endanger it abroad. His was the voice of conscience, from the time he came to Washington, of the yet-to-be-identified "silent majority," raised in repeated warning whenever he saw a threat to liberty from the forces of international communism or domestic paternalism.

And yet on too many occasions JAMES B. UTT spoke out virtually alone. Too often his statements drew forth the ridicule of those who did not share his views. Distressing though that must have been for a man of his deep conviction, JAMES UTT believed himself to be right and thus could not be swayed. I think he would have agreed with another great American who was willing to stand alone in defense of an ideal. During his term in the White House, Abraham Lincoln said:

> I do the very best I know how—the very best I can; and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, ten angels swearing I was right would make no difference.

I think that our departed colleague, the Honorable JAMES B. UTT, of California, might have echoed those words; and I am among those who believe that time will prove him right.

Mr. MCCLORY. Mr. Speaker, it is a privilege to join in this final tribute to our colleague, Congressman JAMES B. UTT, of Santa Ana, Calif., who has represented California's 35th District for about 20 years.

If I were to describe JIM UTT in the simplest and most straightforward manner. I would say that JIM UTT was a "good man." In fact, I cannot think of any more eloquent expression than this. Congressman JIM UTT was guided by a deep and abiding spiritual faith. His unassuming manner indicated the absence of personal ego. His fundamental political philosophy which was dominated by the rights and interests of the individual citizen—in contrast to mass governmental and bureaucratic action—reflected his personal respect and high regard for his fellow man.

Congressman JIM UTT recognized that through individual and personal action, the best in mankind can be brought out and that it is only through combined individual actions that human benefits can be attained.

Congressman JIM UTT was never harsh nor inconsiderate with his fellow man. His convictions were borne out with reason and logic. He listened attentively. He responded without raising his voice, yet he stuck to his guns to the last in upholding what he believed. Above all things, he believed in divine providence and its power to sustain and heal mankind.

The reward of those whom he represented so courageously and assiduously, the reward of those of us who knew him intimately as a friend and colleague, is in the goodness which he characterized and communicated through his service and actions.

The rewards of his family are far greater, and the loss to them will be felt even more deeply.

Mrs. McClory and I extend to them our affection and heartfelt sympathy.

Mr. PELLY. Mr. Speaker, I join with my colleagues and other friends and the many admirers of Congressman JAMES B. UTT in paying sincere tribute to his life and public service.

JIMMY and I came to Congress in 1953, and the longer I knew him the more I appreciated his integrity and complete dedication to what he believed was right.

Almost every Wednesday morning when Congress was in session, I had breakfast with JIM and a few other Republicans, and we discussed current issues and legislation. He had acted as chairman of this group ever since the death of Congressman J. Arthur Younger.

His death is a real loss; a personal loss to me. But, of course, when the House of Representatives loses a Member of his stature, it is the Nation that suffers worse than any individual.

On behalf of my wife and myself, I extend deepest sympathy to JIM's wife, Charlena, and to the members of their family. May their grief be somewhat less because of their pride in what he stood for and his example to his fellow men.

Mr. BETTS. Mr. Speaker, I served with JIM UTT on the Ways and Means Committee for over 11 years and most of that time I sat beside him. I learned to know him well and formed a deep and sincere respect for him. He was a dedicated public servant and gave his talents and resources generously to his work as a Member of Congress. He had a philosophy of government which he believed in and which was the background of every decision he made. Whether he was alone or in the majority made no difference to him. When once he made up his mind that a position was the right one, no person or circumstances ever caused him to change his mind. The quiet manner in which he expressed himself always commanded the respect of his colleagues and contributed much to the decisions which the committee made.

JIM was a great American who believed in his country and he looked upon his congressional office as an opportunity to be of service to it. He was the complete Congressman, thoroughly familiar with legislative proposals and deeply committed to helping his constituents.

He was also a devout Christian. I think it is safe to say that he never missed a breakfast of the Thursday morning prayer group when he was able. Here he was a participant and never hesitated to express his views. I am sure that in these meetings as well as in his church activities he found the courage to take positions which he felt were right.

If one were to sum up his life in words, it could be said that he was a Christian gentleman and a public servant in the finest sense of these words.

In addition to these great qualities, he was my friend and I am proud to believe that I was his friend too. This means more than just being a colleague or a fellow member of a committee. It means that I had admiration and affection for him. And it also means that I will miss him very much along with his family, his country, and his church.

Mr. JOHNSON of California. Mr. Speaker, when I first came to Congress in January 1959, I became acquainted with JIMMY UTT, who in a few years had already established himself as a major force in the bipartisan delegation to Congress from the State of California.

Although we were on different sides of the aisle and often followed different political philosophies, JIMMY and I became very good friends and I have a great deal of admiration for the manner in which he served his people. He was dedicated to one sole responsibility, to represent the people of the 35th Congressional District.

He was a man who consistently did his homework, whose ability and authority was respected and admired by his colleagues in the House of Representatives.

The measure of this fine man is the fact that as a fresnman Member he became a member of the Ways and Means Committee, which, as we all know, is normally the goal of more experienced Members. With the exception of the 84th and 85th Congresses. JIMMY served as a member of this committee, and it is my personal observation that he served with distinction.

A further measure of JIMMY's impressive record in Congress is how the people of the 35th Congressional District looked at him. Republicans and Democrats joined to give him strong major-

ities from his district. In most instances he captured three out of every four votes cast.

When JIMMY first ran for Congress in 1952 he made a solemn pledge, "to help protect your individual rights, to help defend your right to local government, to aid in preserving our national strength, to help place our Nation on a solid economic foundation, to speak and vote for the preservation of our constitutional government."

This was his one goal in government, and I think we all agree that JIMMY lived up to this goal each and every day he served as a Member of Congress.

JIMMY was conservative in his outlook, but certainly he was one of the most far sighted legislators I have known. Looking back over the years, I know that he recognized some time ago many of the problems we are facing today and urged this Nation to take the appropriate steps to prevent and correct such things as the soaring crime rate, the gold drain, inflation. He continuously urged us to seek an honorable peace in Vietnam and recognized that civil responsibilities must be met through State and local government, private industry and individual initiative before true civil rights will exist.

We are all going to miss JIMMY UTT—his wisdom, his leadership, but most of all we are going to miss his friendly smile, his stability, and his level mindedness.

Mrs. Johnson joins me in expressing deep and sincere sympathy to his widow, Charlena, and his family.

Mr. BOGGS. Mr. Speaker, permit me to join my colleagues on both sides of the aisle in honoring the memory of our good friend and able colleague, Congressman JIM UTT, of California.

Though JIM UTT and I were of different political parties, it was my honor to number him among by friends for 17 years and to serve with him for quite a number of those years on the Committee on Ways and Means. I knew him to be an able legislator of intelligence and insight and a human being of compassion and sensitivity.

The State of California—and indeed the United States—lost a devoted and gifted leader with the passing of JIM UTT.

Mrs. Boggs joins me in mourning the loss of a good friend and remarkable man.

Mr. SAYLOR. Mr. Speaker, few of our colleagues have so consistently and unashamedly waved the flag of the United States than did our departed colleague and friend from the Golden State of California. For some, his unabashed championship of Americanism was considered an anachronism in this day of the supersophisticated. In his speeches before the House and in appearances all over the country, JIM UTT reflected much of what the silent majority was thinking and feeling long before it became popular to recognize the great body of middle Americans as a group with which politicians should be concerned.

His comments were often dramatic, perhaps too dramatic, for he was ignored all too often. This was the price he paid to speak out on the issues which others were willing to forget. But JIM UTT knew this and was willing to suffer the indignities heaped upon him by an uncompromisingly antagonistic press because he felt it his responsibility and duty as a Congressman to exercise the freedom to speak when others were silent. Long before Vice President AGNEW's name became a household word, JIM UTT was cognizant of the ideological predilections of many of the Nation's news handlers and warned us against them.

JIM UTT was my neighbor in the Rayburn House Office Building for many years; we walked the long corridors together discussing the issues of the day. While we did not see eye to eye on everything in spite of our common political party allegiance, we agreed on the dangers facing the country should our guard ever be lowered against the enemies of freedom.

JIM UTT's voice in Congress was raised for basic American patriotism and for values that many tend to forget or neglect. The citizens of Santa Ana, Orange County, Calif., have lost an effective voice in the Halls of Congress; the Nation has lost a patriot, and I have lost a friend.

Mr. HOSMER. Mr. Speaker, the passing of our colleague, the Honorable JAMES B. UTT, was a tragic loss to the Nation, the State of California, this body, and particularly the California delegation, which has lost two of its distinguished members within a month.

JIMMY UTT was a fine Congressman and a fine friend. He served the people of his district and the Nation faithfully for 18 years. He held the respect of all his congressional colleagues for his unyielding adherence to the principles in which he believed, principles like good government, economy, protection of individual liberties, and a strong America.

You always knew where JIMMY UTT stood. He called himself a conservative, without mincing words or engaging in semantic debate. He was a quiet Congressman who spoke when he had something to say, and when he had something to say, it was worth listening to.

He was a vigilant watchdog of the taxpayers' dollars. From his positions as the second ranking minority member on the Ways and Means Committee, and a member of the Joint Committee on Internal Revenue Taxation, JIM played a forceful role in tax reform and reducing unnecessary Federal spending.

Before coming to Congress JIMMY had a varied, interesting, and rewarding career. At times during these years he was a grower of some of California's famous specialty vegetables, including avocados and asparagus, and also citrus fruit. At other times he was a businessman pursuing such varying trades as whaling and stock brokerage. I first met JIMMY when I was in high school and he was a respected member of the California Legislature representing his native Orange County. That was in 1932. Much later he took up the study of law and graduated from USC Law School in 1945. Later he both practiced law, in which profession he was highly successful and respected, and served as a California State inheritance tax appraiser.

Shortly before his death, the California Congressional Recognition Project, Inc., singled out JIMMY UTT for special commendation as an effective member of the State delegation. I include the article on the Honorable JAMES B. UTT, Member of Congress from the 35th District of California, in the RECORD at the conclusion of my remarks.

Both Mrs. Hosmer and myself extend to his widow Charlena and to JIMMY's family our most profound sympathies. Their great loss and burden of grief must be lightened by the knowledge that it is shared by many thousands who knew, loved, and respected JIMMY UTT as I did.

The article referred to follows:

HON. JAMES B. UTT, 35TH DISTRICT

Congressman Utt is one of the most conservative Members of the House. He has been an insistent critic of the domestic policies of Democratic Administrations, and he has expressed forceful opposition to many liberal programs which, in his view, by further adding to the power of "big government", constitute a major threat to the freedom and liberty of the individual. A proponent of the "Liberty Amendment"—which would abolish the personal income tax and prohibit the Federal Government from engaging in activities not specifically authorized by the Constitution—he believes that certain social trends in the United States are sapping "the independence, the self-confidence and self-reliance of the individual, which have always constituted the solid foundation of liberty, justice, and good government". He believes, too, that the principal manifestations of "the sickness now sweeping America" are "the campus demonstrations, the defiance of law and order, and the destruction of property, both public and private." He recently warned that "leaders of the world-wide Communist conspiracy are too well aware of the great impetus given their plans by the destruction of moral standards, and they have taken full advantage of it with amazing, though unfortunate, success in our country."

Mr. Utt holds positions of considerable importance and influence in Congress. Second ranking Republican on the Committee on Ways and Means, he is also a member of the Joint Committee on Internal Revenue Taxation. In addition, as California's representative on the Republican Committee on Committees, he is able to exercise a significant degree of control over all minority assignments to House Committees. His influence is especially great, of course, in the case of assignments for junior members of the California Delegation. The excellent position of California Republicans in the Committee structure owes much to his efforts.

As a member of the prestigious Committee on Ways and Means, Mr. Utt is deeply involved in the consideration of many complex tax, tariff, and Social Security measures. His position on the Committee and his expertise enable him to give assistance to other members of the Delegation who wish to introduce legislation that falls within the jurisdiction of Ways and Means. Thus, Mr. Utt recently presented, for himself and Congressman Phillip Burton, a bill to repeal the limitation upon the number of children for whom Federal payments may be made under the "aid to families with dependent children" program. At the same time, he presented, for himself and Congressman Bob Wilson, a bill to remove civilian employees at naval air rework facilities and supporting personnel of the industrial naval air stations from classification under certain provisions of the 1968 Reserve and Expenditure Control Act.

The most important matter before the Committee on Ways and Means in 1969, of course, was tax reform. Mr. Utt took a strong

stand against what he regarded as an irresponsible evasion of the Committee's responsibility to approach the matter of tax reform carefully and judiciously. In a major speech on August 6, he told the House:

"I am unable to share the enthusiasm of some of my colleagues over the legislation now pending . . . It has been said to be the greatest tax reform bill to come out of the Ways and Means Committee on the past 20 years. I cannot assign it that high appraisal . . . I will agree that the Committee worked diligently and has a great volume of testimony to which we paid little attention in the final analysis. There are many sections of the bill to which I can fully subscribe and others where there has been great improvement. But, even with that, there are loopholes . . . Our Committee legislated in a state of emergency because of the adamant position taken by the other body to the effect that, until a reform bill was on the floor, there would be no surtax. With six months of testimony and two months of executive sessions, we moved like a race horse in the final ten days just to get something, anything, to the floor. There were massive changes made two days before we reported the bill—and some corrections after it was reported—and we were given one day after reporting the bill to file any minority or additional views. Surely, the general public is entitled to know what is in a bill, how it affects them, and what changes can be made to relieve or ameliorate a situation so that they can communicate their views to their elected representatives."

Mr. Utt went on to review, section by section, the bill as reported and to point out its principal weaknesses. In particular, he noted his regret that the Committee had failed to consider the merits of an alternative tax system, known as "tax on value, added", which is used in the Common Market countries of Europe and most industrial nations. He expressed the view that such a system would serve not only to relieve the balance-of-payments problem, but also to equalize competition by the use of border taxes equal to the tax on value added. He told his colleagues that "this would be real tax reform and would show some progress in thinking on the part of our Committee".

Mr. Utt introduced and co-sponsored several bills during the current session. One of his bills would change postal laws to permit the sale of postage stamps at face value through private vending machine operators, expanding service and reducing Post Office Department costs by an estimated $150 million in the first year. Another of his bills would prohibit mineral leasing, and geological or geophysical surveys on the Outer Continental Shelf from Newport Beach south, in effect preventing oil drilling in that area. In addition, he sponsored legislation to amend the enforcement of the regulations imposed by the 1968 gun registration law, to establish Rancho Guajome as a National Historic Site, and to authorize a study of landslides and flood control in Los Angeles and Orange Counties. He also authored resolutions on a number of subjects, including the termination of controls over American investments abroad, provision for the resumption of trade with Rhodesia, and a prohibition on action that would place title to the ocean floor in the United Nations.

Mr. CORMAN. Mr. Speaker, I join my colleagues in expressing sorrow over the passing of our colleague, JAMES UTT.

JIMMY UTT was a fine, decent gentleman, and one of the kindest men I ever knew. It was always a pleasure to have his friendly greeting whenever we met, for it was instinctively warm and generously given.

An unaffected, unpretentious person, one could say that JIMMY UTT was a genuinely humble man—a characteristic in very short supply in our sophisticated world. He possessed an extraordinary sense of commitment to the values he believed in. While independent of mind and possessive of the granitelike conscience, he was, above all, a kindly man and gracious in spirit.

JIMMY UTT was an expert in the complex congressional legislative process and spent 17 years of dedicated service in this House. As a highly principled legislator, he voted his conscience without regard to outside influence, and commanded the respect of his colleagues.

I was glad to be one of the Members who accompanied him to his final resting place. It seemed particularly appropriate that those of us who shared with him the same home State and those of us who served with him on the Ways and Means Committee should be there for a final goodby to this genial person.

Mrs. Corman and I extend our deepest sympathy to Mrs. Utt and the family.

Mr. ROSTENKOWSKI. Mr. Speaker, I am deeply grieved, as are all our colleagues in the House, by the untimely death of our good friend, the Honorable JAMES B. UTT, late Congressman from the 35th District of California. He was a giant both in representing his beloved California district and in serving the best interests of his country. For 18 years he labored arduously to not only assure the continued development and prosperity of the West but also to bring economic security to all other Americans.

His work on the Ways and Means Committee has been a source of great inspiration to me as well as a wellspring of good for the country. No man that I have ever met in public life fought more vigorously for his personal convictions than did Congressman UTT; simultaneously, no man that I have ever known in public life worked more diligently at bringing to reality those beliefs. But beyond this we in this body who knew him and respected him also recognized that his passing denies us the continued privilege of working with a man whose word was his bond.

This House, which has for so long benefited by his good services and sound counsel, shall sorely miss his presence. We will not, however, soon forget either the man or his contributions.

On behalf of myself and Mrs. Rostenkowski, I would like to extend our deep felt condolences to Mrs. Utt and the entire Utt family.

Mr. SCHNEEBELI. Mr. Speaker, JIMMY UTT was a great fellow who was true to his ideals and worked hard for his objectives. JIMMY was unobtrusive and was of a rather retiring nature; however, he was the most concerned legislator and a strenuous proponent for what he felt was right. He did not mind being criticized for his position if he felt that it was to the national interest and furthered his objectives. He worked hard in behalf of his many legislative interests.

JIMMY was opposed to the trend toward centralization of Government and power at the Federal level, and with this philosophy, he was labeled a strong conservative and voted against much spending legislation which kept increasing the Federal authority and jurisdiction.

JIM spoke little of his private life and was generally objective in all of his conversations and discussions. You knew where JIM stood on legislative matters and he was a most reliable source of information in the matters that came before our committee. He made an extensive study of committee work and the members looked to him for his usual exercise of good judgment in the solution to some of the difficult problems. As a ranking member of the Ways and Means Committee, he was highly respected and for good reason. We shall miss JIM's solid advice and genial nature, and our Nation has lost a good advocate and exponent for less centralization of Federal power.

JIM was greatly admired by Members on both sides of the aisle for the steadfast devotion to his purpose. Many of the Democrat Members from California, his native State, were particularly profuse in their praise and admiration when I spoke with them about JIM. "He was a good man" was a frequently used phrase by most all the Members in their appraisal of his work and accomplishments. He was even-tempered and did not try to overwhelm anyone with any extreme viewpoints. He knew what he wanted and what he felt was good for this Nation—and "he stuck to his guns."

JIM has left us with a feeling of warm admiration and respect. Mrs. Schneebeli joins me in extending heartfelt sympathy to his fine family.

Mr. QUILLEN. Mr. Speaker, with the untimely passing of one of our most beloved colleagues—the late JAMES B. UTT of California—his State and the Nation have lost a great man and statesman.

It is with deepest regret and a saddened heart that I join you today—we have all lost a good and loyal friend and colleague. His sudden and untimely death has left a deep void in our ranks.

JAMES B. UTT was truly a great American. He was my friend and I was his. JIM UTT was a foe of communism and he will long be remembered for his constant and untiring efforts to defend our Constitution at every opportunity.

I feel that an article in Washington's morning newspaper after his passing truly exemplifies his character and way of life. The news story, which concerned his death, said he was a softspoken man who rarely engaged in arguments on the floor of the House. His presence was nonetheless recognized because he was second-ranking Republican on the powerful House Ways and Means Committee.

JIM UTT was a pronounced conservative. Once in a speech he outlined his political philosophy. Two paragraphs of his speech are contained in the news story I have mentioned above and I would like to quote these:

As in a baseball game, someone has to play in right field and someone has to play in left field. I have chosen to play right field.

The time has come when every American citizen must choose to live under the American Flag or the United Nations flag. They are incompatible and cannot coexist. I choose the American Flag.

Mrs. Quillen and I join in extending our deepest sympathies to his wife, Charlena, and their son, James.

Mr. BOB WILSON. Mr. Speaker, as we meet to say goodby to an old friend,

it is most difficult for me to say what is in my heart.

JIMMY UTT and I came to Congress together in 1953. He was then the same age as I am now; yet, despite our age difference we felt a bond of friendship as close as most brothers do.

He was a gentleman and a gentle man. He believed fiercely in the fundamentals of his faith and of his country yet he was not so much a fighter as a solid Rock of Gibraltar that could withstand any storm or attack.

JIM UTT was a gentle, kind, considerate human being who listened quietly to problems and resolved them quickly, without handwringing or wailing, yet with thoughtful consideration of his decision.

JIMMY UTT did not hesitate to stand alone if necessary for the things in which he believed. And so often his minority position proved to be the right one in the long run. He put patriotism above politics and principle above expediency.

I remember JIMMY once telling me:

Before every vote on every resolution let your knowledge never override wisdom, love, ethics, and sincerity.

We shall miss him. I join in extending condolences on this his birthday to his wife Charlena and son Jim, and his lovely grandchildren as well.

Mr. MILLER of Ohio. Mr. Speaker, I join my friends and colleagues in their expression of sorrow over the passing of JIMMY UTT.

It seems strange and unreal to be joining JIMMY's devoted friends and colleagues in paying respect to his memory and expressing our sympathy to his family. Though God in His wisdom has called him to a higher purpose and physically JIMMY is not with us, somehow he has never left this Chamber and this House of Representatives which he loved and served so well.

JIMMY UTT was a deeply conscientious legislator. He was a student of the legislative process who enjoyed his work. He was a statesman first and a politician second. He consistently voted the way his conscience and intellect dictated. He maintained an expert knowledge of the complex legislative problems facing his committee, and his judgment and reasoning were respected by all.

JIMMY UTT was a good man, fine and decent. He had a bright and wholesome outlook on life. He greeted everyone with a friendly smile and pleasant salutation. We are poorer for the loss of JIMMY, but we are richer because we knew him.

He served his Nation well.

He was my good friend.

I shall miss him.

Mr. GROSS. Mr. Speaker, the death of the Honorable JAMES B. UTT has removed from Congress one of its most valuable Members.

JIMMY, as he was known to all of us who enjoyed his friendship, was small in stature but he was one of the hardest fighting, courageous, and capable Members of either the House or Senate. He was at one and the same time a conservative Republican, unyielding in his support of and loyalty to the Constitution and the Republic.

I am sure that it was his hard work and dedication that brought on his first heart attack and ultimately hastened his death.

In the passing of JIMMY UTT, the 35th District of California, the State of California and the Nation has lost a great public servant. And I have lost a friend.

Mrs. Gross joins me in extending deepest sympathy to Mrs. Utt and other members of the family.

Mr. FUQUA. Mr. Speaker, the passing of Congressman JAMES B. UTT of California leaves us with deep sadness.

Mr. UTT was an individualist who had strong convictions. In the nine Congresses in which he was permitted to serve, he articulated those principles in which he believed and became a national figure with his forthrightness.

This native son of California enjoyed his work in the Congress. I personally enjoyed the occasions when we had the opportunity to visit. I particularly remember when I first came to Congress in 1963, he was one of the first Members to welcome me. He was an active participant in the congressional prayer breakfast group and enjoyed his association with all his fellow Members.

A graduate of the University of California Law School, he was engaged in citrus and agriculture most of his lifetime while practicing law at Santa Ana. He served his State for 4 years as an assemblyman.

Let me particularly express my condolances to his wife and family. I know they find solace in the knowledge that here was a man who lived a good and full life and that he will be missed in our ranks.

Mr. CLANCY. Mr. Speaker, I rise today to join with my colleagues in expressing deep sorrow over the loss of JAMES B. UTT, a sincere, dedicated American and our friend.

JIMMY was a highly respected statesman and an effective, conscientious legislator. His expert knowledge of complex legislative issues enabled him to valiantly fight for the principles in which he believed. JIMMY was truly a good man in the true sense of the word. His outlook toward others and on life in general was bright and wholesome. Both his friendship and his presence in these Chambers will be sorely missed.

I know, Mr. Speaker, that each one of us here today joins in expressing deepest sympathy to his beloved wife and family.

Mr. HALEY. Mr. Speaker, I rise today to join in paying tribute to one of the most outstanding conservatives to serve as a Member of the House of Representatives, our departed colleague, the Honorable JAMES B. UTT.

From his election to represent California's 37th District in the 83d Congress, his people had continued to return him to the House of Representatives in successive elections. Certainly this long tenure is a good measure of the effectiveness of an able legislator and shows his people's awareness of his courageous fight against the Communist influences in our country.

He was firm in his convictions and dedicated in his belief in our constitutional form of government. He expressed himself well in conveying his convictions and his dedication.

It is a tragedy to lose a man of such high caliber. We mourn his passing. The people of his home State will find it difficult to fill the seat he had held here so long.

Mrs. Haley and I extend to Mrs. Utt and their family our deepest sympathy and kindest thoughts.

Mr. MATSUNAGA. Mr. Speaker, the Nation and the House have sorrowed in the loss of our colleague, Congressman JAMES B. UTT, and I wish to join with members of the California delegation and others in paying tribute to his memory.

JIM UTT's service during his nine terms as Congressman from the 35th District of California was indeed outstanding. He was deeply conscious of his responsibilities as a Member of this august body, and his political convictions and commitments were genuine and sincere. His courage and unquestionable integrity commanded the respect of all who knew him.

JIM was unsparing of himself in his work as the second-ranking minority member of the powerful Ways and Means Committee, and, without pretense or fanfare, he accomplished much for the good of the Nation both in committee and in this Chamber.

As a friend I found JIM to be a real gentleman—he was friendly, courteous, polite, and softspoken. He will be greatly missed by his colleagues from both political persuasions.

To Mrs. Utt and other members of his family I extend this expression of deepest sympathy in their, and the Nation's, great loss.

Mr. ROONEY of New York. Mr. Speaker, I join with my colleagues in tribute to the late Honorable JAMES B. UTT who for 18 years represented the people of California's 35th Congressional District. Many times I found myself on a completely different side of the fence than JIM UTT but no one could ever challenge his sincerity and honesty. He was a man deeply concerned for his country and the people of his State, and he served both well. To his wife and son I extend my deepest sympathy.

Mr. BOB WILSON. Mr. Speaker, today as we take time out to honor one of our departed Members, JIMMY UTT, I wish to bring to my colleagues' attention two articles that tell so much about the human side of JIMMY UTT. His yearning for the simple life, his compassion toward others less fortunate, and his zest for living will always be remembered. The following front page editorial and article from the Anaheim Bulletin elaborate on JIMMY's warm and gentle ways:

JAMES B. UTT—TRUSTWORTHY

Congressman James B. Utt was not a person that you had to know personally in order to respect. His reputation for honor towered above the partisan plane. Even his political enemies trusted him. There never was any doubt where "Jimmy" stood or would stand. His death Sunday, by a heart attack, leaves a blank spot on the horizon.

Mr. Utt held public office for 18 years. In that period he made five definite impressions.

First was the faithfulness with which he conducted his office. A successful businessman, he ran his office as a business should be run. You got an answer, a prompt one, when you wrote to Congressman Utt. Further, he rigorously refrained from enlarging

his authority. To him, a representative was an agent; his constituency was the principal. And the former had no latitude to go beyond the authority possessed by the latter.

Second was his fairness. If the facts were on your side, you could rely that James B. Utt would be there also. If not, he would tell you.

Third was his grasp of principle. In this respect, Mr. Utt was not precisely a purist, in the sense of following a theory out the window. He was not a remaker of the world. He impressed us as retaining a bit of skepticism on the capacity of man to reason constructively very far. Yet he took his position on the basis of what is right and what is wrong, instead of any temporary benefit that might accrue. No amount of ridicule could divert him from the truth, once he fastened upon it. His assessment as to where the truth lay characteristically withstood the test of time and thrust opprubium back on the source whence it came.

Fourth was his practicality. Mr. Utt was not a politician in the common sense of the word. He retained the confidence of his constituents not from juggling their interest, but rather from the developed ability to explain to them what their true interest is. He had a remarkable talent for talking sense. He spoke the great common language of the market-place; he enlivened it with a vision of what America should be; like the good businessmen he was, he "sold" his program; he helped to shape the thought of Orange County. In that respect he was an educator.

Fifth, Mr. Utt was not ashamed of the Gospel of Jesus Christ, nor the fact that the United States of America were founded by people of Christian conviction. Just as you can respect the Jew who is true to the teaching of Moses, or the devout Moslem, so Mr. Utt offered a frankly Christian testimony.

Mr. Utt leaves a patriotic legacy. To the older generation 18 years of faithful service. To the younger generation, a pattern—faithful, fair, principled, practical, devout. He was a humble, strong, godly servant of the country. We salute his example.

HUMANITY OF JAMES UTT TOLD BY INDUSTRIALIST

(By John Steinbacher)

Rep. James Utt, R-Santa Ana, who died Sunday, had a dream that can never be fulfilled—to retire and live among the people he loved dearly in Alamos, Sonora, Mexico.

The often caustic world of politics, with its rough and tumble sparring for power, never changed a basically warm and humble human being, whose biggest thrill was "adopting" a whole series of less fortunate human beings and helping to make their lives a little easier.

That was the description of James Utt, the man, from one who knew him intimately for many years.

Ed Buster, Orange County industrialist, knew the real James Utt, the man who could sit in a cave and talk with his friends, the primitive Tahaumara Indians, or stand before the famous of the world as an equal.

Utt loved Mexico, and, being especially fluent in the Spanish language, he thought of that country as his second home.

RANCHES IN SONORA

In fact, he owned two small ranches in Sonora, where he continued experiments in agriculture first started by his father some 30 years ago, growing everything from oranges to giant sized grapefruit.

Everyone in Alamos knew him—and they remembered him in death with a collection sent to Orange County for the Heart Fund.

Buster said that one question was on everyone's lips whenever he went to Alamos without his friend.

That question was: "How's Jimmy?" To them he was just plain "Jimmy," not the political figure in the distant city at Washington, D.C.

Taxicab drivers, storekeepers, cobblers, the local Padre—they all knew James Utt—and many of them knew his generosity in a very personal way.

Buster, who flies his own plane, said that Utt's favorite food was barbecued doves which he shot himself in the rolling fields around his Mexican ranch.

"He was a good cook," said Buster, "and just loved those doves, barbecued with a Mexican sauce of doubtful ancestry."

FRIEND TO POOR

Utt was generous "to a fault," said Buster, "and we never went down there without taking along food and clothes for the poor of the town."

Most of all, he loved to take down a shoebox full of seeds—for vegetable seeds appeared to be in short supply most of the time.

With those seeds, literally hundreds of poor people were able to raise their own gardens.

"Jimmy had a great sense of humor," Buster said, "and he just loved to fly."

Buster recounted with emotion the times when they would fly in his small plane over the tossing waves, "just 50 feet over the water," with birds scattering before the whirling propeller.

"Then he was happiest," he said, "and he carried on like a kid."

"Mexico was a place to escape to," he said, "where Jimmy could get away from the world of politics and all that. He always planned to retire there but of course that's a dream that won't come true."

Utt was a man of the outdoors, a man of simplicity and ruggedness that belied his rather frail appearance, Buster said.

He loved to surf and skin dive on lonely beaches far from the crowded city streets and the cacophony of Washington's political scene.

Walter Knott remembers James Utt too and he talked about his friend on Monday.

"He wasn't a pretentious man at all," said Knott. "He always liked the simple things."

"His father," he added, "subdivided the Lemon Heights area of Orange County and the congressman was always interested in agriculture."

James Utt more than any other man, symbolized Orange County to the people of this nation.

Elected nine times to office, he spent a total of 17 years on the hill, and it is typical of him that he left instructions that no memorial services should be held for him at the capitol in the event of his death.

He didn't want the business of government suspended in his memory.

But Orange Countians will remember him on Wednesday at 2:30 p.m., when his funeral services will attract the obscure and the famous alike to the huge Garden Grove Community Church. His body is slated to arrive in the County Wednesday morning by military air transport.

Government was the business that Utt was concerned about for most of his adult life.

First elected to the California Assembly in 1932, he served for four years in that capacity and then held the position of Tax Appraiser in the State Controller's office for 16 years.

He was the first freshman congressman in many years to gain an appointment to the tax writing Ways and Means Committee. However, he was forced to relinquish that post in 1954 through opposition party gains.

Utt temporarily served on the Interior and Insular Affairs Committee, and by 1959, he had gained enough seniority to regain his old Ways and Means Committee post where he eventually became the second ranking Republican.

He also served on the Joint Committee on Internal Revenue Taxation and represented the California Republican delegation on the Committee on Committees, assigning Congressmen to standing committees of the house.

A former practicing attorney in Santa Ana, he belonged to the Lions Club; the Elks Club; the Izaak Walton League the Knights of Pythias; the Orange County Farm Bureau; the Orange County Shrine Club and Rotary.

Typically, Utt's last three legislative measures were all designed to aid young people, as was his last message to the district he served.

On Feb. 24 he introduced HR 16150 to aid school districts by providing payments in lieu of real property taxes on property owned by the federal government.

In another action, he joined in introducing a new title to the educational code and the creation of a new congressional select committee. The first would allow instruction in the area of morals and the second would investigate the extent of the pornography traffic aimed at young people.

On the Sunday before his death, Utt spoke by telephone to an estimated 10,000 young people attending a day-long event in Costa Mesa dealing with drugs and drug problems presented by the police department.

"He was a simple man in the best meaning of that term," said Buster, "a man you could count on."

Mr. BUSH. Mr. Speaker, the thing about JIM UTT was his decency—his plain common decency. It showed in so many ways.

He could disagree agreeably.

He could make a point and do it in such a way that those who disagreed respected him.

I loved to listen to JIM UTT in our executive sessions of Ways and Means. He had great respect for our Chairman WILBUR MILLS, and I think JIMMY knew that Mr. MILLS respected him.

More than once he would say quietly to one or the other of us, I just cannot go along with this. He would seek recognition and then he would express his conviction or his concern to the committee. He would make his point very clearly and forcefully, but always with a courteous regard for the feelings of others.

People liked JIM UTT. They liked him because he was a kind guy. He cared about others.

He had a twinkle and a sense of humor that made you feel good.

He was sick a few months ago and when he came back to this House that he loved, it was fun to watch the Members greeting this man that they cared about. There was so much affection there.

Sometimes JIM stood alone on an issue, but he never stood alone really, for he had the respect and affection of every Member of Congress that knew him.

We will miss this fine man—we will miss his warmth, his courtesy, his conviction; but most of all we will miss his common decency.

Mr. TALCOTT. Mr. Speaker, it is difficult for me to eulogize a friend—an intimate friend—who was also a colleague and valued associate.

JIMMIE UTT was an able Congressman—committed to his high principles, dedicated to the betterment of our beloved Nation, proud of our Nation's history and achievements, fiercely protective of the rights, freedoms, and liberties of the individual citizen, compassionate in his dealings with his constituents, concerned with the taxpayer as well as the taxuser.

JIM UTT held to his views. He had the courage of his convictions which I highly respected. Although he was a sincere advocate of his beliefs, he never imposed

his views upon others. This thoughtfulness won him many cohorts as well as friends.

America, the State of California, the 35th District, the Congress and the citizens of our Nation have lost a devoted servant and a valued friend. His many contributions, his example, and his character will live long. I grieve that he died so young, but I rejoice that he lived so long and so splendidly. I am grateful that I was privileged to know him for awhile.

Mrs. Talcott and I extend our condolences to Charlena and his son, Jim.

Mr. MILLS. Mr. Speaker, on Sunday of last week the House suffered the loss of a very able and devoted public servant and an exceedingly fine gentleman, our dear friend and colleague, the Honorable JAMES B. UTT, of Tustin, Calif.

JIM UTT was the second ranking minority member of the Committee on Ways and Means, having first served on this committee in 1953 and 1954, and continuously from 1959 until his death on March 1. While JIM UTT was well known for his soft-spoken aproach, there was never any doubt about his effectiveness in shaping the important legislation that emerged from the committee during his long and distinguished tenure of service on it. JIM's extensive experience in the difficult and technical areas of the committee's legislative jurisdiction, encompassing as it does the Internal Revenue Code, the Tariff Schedules of the United States and the Social Security Act, has been an invaluable asset to the committee, and we shall certainly miss his keen insight and sound judgment in these matters.

As a ranking member of the Committee on Ways and Means, JIM was also a member of the Joint Committee on Internal Revenue Taxation. Needless to say, he served that committee in the same dedicated and effective manner that he served the Committee on Ways and Means.

This House will also miss JIM UTT, Mr. Speaker. Because of his sincere and strongly held conservative convictions, JIM often found himself on the unpopular side of issues that arose in this Chamber, but that did not deter him from taking his quiet, gentlemanly stand for what he thought was right. As a result, JIM UTT was highly respected on both sides of the aisle and was undoubtedly one of the most personally well liked men in this body.

Mr. Speaker, we are profoundly sorrowful at JIM's passing. We shall all miss him, and our heartfelt sympathy is with Mrs. Utt and the family at this sad time.

Mr. Speaker, a number of members of the Committee on Ways and Means were among the delegation of Congressmen attending JIM's funeral March 4 in Tustin, Calif., and the committee has officially expressed its deep sorrow in a resoution adopted on Monday, March 2. This resolution is included in the RECORD following my remarks:

RESOLUTION

Whereas, the Honorable James Boyd Utt of Tustin, California, Representative of the Thirty-fifth Congressional District of the State of California, served as a Member of the United States House of Representatives with great distinction continuously from January, 1953, and as a Member of the House Committee on Ways and Means in 1953 and 1954 and continuously since January 19, 1959, and as second ranking Minority Member of said Committee on Ways and Means continuously since January 3, 1969; and

Whereas, the Honorable James Boyd Utt rendered to his Congressional District, his State, and his Nation throughout his tenure the highest degree of service; and

Whereas, the Honorable James Boyd Utt carried out his duties and responsibilities to the citizens of his Congressional District, the State of California, and the Nation with statesmanship, courage, and integrity; and

Whereas, the Honorable James Boyd Utt possessed not only those qualities of statesmanship which enabled him to be an outstanding leader, but also possessed those personal qualities which are admired, respected, and esteemed by all his friends and colleagues;

Now, be it therefore resolved by the Membership of the House Committee on Ways and Means assembled that said Committee Membership express its profound sorrow over the untimely passing of their beloved and admired colleague on March 1, 1970, and that the Committee on Ways and Means when it adjourns today adjourn in reverence to his memory; and

Be it further resolved by the Membership of the House Committee on Ways and Means that a copy of this Resolution be transmitted to the surviving family of our late distinguished colleague, the Honorable James Boyd Utt of Tustin, California.

Approved and adopted this 2d day of March, 1970, by the unanimous vote of the entire Membership of the Committee on Ways and Means, House of Representatives.

Attest:

WILBUR D. MILLS,
Chairman.
JOHN W. BYRNES,
Ranking Minority Member.

Mr. CEDERBERG. Mr. Speaker, it is with a sense of sadness I join my colleagues today in paying tribute to our late colleague, the Honorable JAMES UTT.

JIM, known to many of us as "Mr. Conservative," was a soft-spoken man who was always willing to help a fellow Member. We worked together since 1953 when we were both freshman Members. He was not only one of the kindest men I ever knew, but he was an intellectual giant and a scholar of the highest order.

I am pleased to have the opportunity to join with this body in paying respect to his memory.

JAMES UTT was fortunate to have lived a full, useful, and long life. He was an outstanding Member of this body and we shall miss this great American.

Mr. LANGEN. Mr. Speaker, I have known JAMES UTT for many years. I have benefited by his counsel and have been energized by his faithfulness. He was a man for whom I had the deepest respect and sincerest admiration. I miss him very much. The House of Representatives has lost one of its ablest Members.

The treasured qualities of sincerity, integrity, and energy were the very characteristics embodied in the Congressman from California. His example was a goal for all young Members of this body, and his dedication remained a goal for others. His enthusiastic reverence for God and his country is an example to all men everywhere.

I am indebted to JIMMY UTT for his contribution to my career and to my country. His memory will not soon fade from my memory. I cannot place a value on his presence here.

JAMES UTT's soft-spoken approach belied the fire of determination for which he became so well known. He zealously defended the ideas and principles upon which this Nation was built. His faith in God was complete. He practiced his faith diligently. He was uniquely honest, straightforward, and unbiased.

Lillian and I express our deep sympathy to his wife, Charlena, and his fine children. We treasure the life of Congressman UTT and regret his death. I am grateful to him for his effect on those he met during his 71 years and wish only that more people could have had the opportunity to share the inspiration he gave to me.

Mr. HALL. Mr. Speaker, many outstanding individuals have found their way into the Chambers of the House of Representatives in the almost 200 years since the birth of this Nation. Few, if any, have earned more respect, and been the recipient of more friendship than the Representative from the 35th Congressional District of California, JAMES B. UTT.

Although imbuded with the strong conservative principles of government that guided his legislative life, JIMMY was respected by liberals with whom he amicably disagreed as well as those who shared his philosophy. He was always firm, quiet, certain in his convictions, charming, kind, and gracious.

His quiet, even-tempered approach to the political problems of the day, found him an "oasis" when the debate became overheated. His kindness to newcomer Representatives of the people will never be forgotten.

His dedication to the Christian ideals which helped build this Republic were admired as was his dedication to the preservation of our constitutional liberties.

JIMMY UTT is gone, but will never be forgotten. I join with the other Members of this body in extending to his wife and children our heartfelt regrets. They have lost a husband and father. We have lost a friend, the Nation has lost a dedicated son, and statesman.

Mr. BURTON of California. Mr. Speaker, I join with my colleagues in expressing my most sincere and heartfelt sympathy to the family of our late distinguished colleague and my fellow Californian, JAMES UTT.

JAMES UTT served the people of his district with integrity. He was a warm human being. He understood the legislative process and he appreciated the role and the necessity of differing opinions in this great deliberative body.

It is a little known fact, but one to which I can personnally attest, that JAMES UTT, as a minority member of the House Ways and Means Committee, played a key role in the successful effort to repeal the welfare freeze and thus improved the lot of the Nation's most needy children and families.

JAMES UTT was a man of principle. He served ably and he will be missed by all who served with him.

Mr. DERWINSKI. Mr. Speaker, I join my colleagues in expressing my regret

over the sudden passing of our colleague the late Honorable JAMES B. UTT, of California.

JIMMY UTT was an outstanding Member of the House who was respected by all who served with him for his personal integrity, strength of his political convictions, and the dedication with which he served.

We will miss JIMMY not only as a friend but as a strong, reliable, colleague whose counsel was most helpful and who was an inspiration to those of us who worked with him on legislative activities.

Mrs. Derwinski joins me in extending our deepest sympathy to Mrs. Utt and his family.

Mrs. MAY. Mr. Speaker, I wish to join with my colleagues in expressing my own deep sorrow over the passing of the Honorable JAMES B. UTT, and in extending my heartfelt sympathy to Mrs. Utt, to their son, and to their grandchildren.

JIM will be long remembered and sorely missed. Indeed, the Halls of Congress are somehow lonelier and emptier without his courage, his fierce independence, his warm friendliness. I miss him. Yet, I shall always be glad that I had the opportunity to know him and to work with him. JIM was, in every way, a deeply conscientious, hard- working Member of Congress and a most wonderful human being.

Mr. CLEVELAND. Mr. Speaker, it is with real regret that I express regret on the passing of a good friend and a great public servant, JIMMY UTT.

During my 8 years in Congress, I have been concerned by the tendency of many sophisticated critics of America to deride patriotism as old-fashioned. Even beyond that, we have seen the glorification of those who would tear down America and those who complain that America is always wrong. Against this trend, JIMMY UTT stood firm and strong, always willing to declare his love of America, and his opposition to those who would destroy it. He was ready to stand up and be counted as an American, and proud of it.

In a decade when there was discussion in the news media as to whether God was dead, or out of date, JIMMY UTT'S devout Christianity was refreshing and welcome. To his everlasting credit, he was as committed to his religious beliefs as he was to his country and the cause of good government.

JIMMY UTT'S passing is all the more untimely because we as a Nation are just now waking up and realizing the soundness of many of his warnings. Those who warned with dismay of the developments in the 1960's are now being listened to and indeed heeded. It is a tribute to the strength of JIMMY UTT'S character that he stood by his principles in the really tough times, almost alone—unheeded and even scorned, often by those who should have known better.

One of JIMMY'S many enduring characteristics was his Christian friendliness. He bore no ill will toward those with whom he was in disagreement. As some of their mistakes unfold, I am sure he is smiling in a friendly way, and if he were here he would be helpful.

Mr. SISK. Mr. Speaker, I wish to join with my colleagues in their expressions regarding our good friend, JIMMY UTT. This body has lost a very able Member and certainly the country has lost a dedicated American. JIMMY was one of the most friendly people it has ever been my opportunity to meet. I well recall my arrival here as a freshman and his kindnesses to me. I realize that in many areas we had different opinions on political matters but I at all times admired his sincerity and honesty in fighting for the things he believed in very deeply. He represented his district and State in an outstanding manner and certainly his services will be greatly missed by our great State.

It was my privilege on several occasions to join JIM UTT in trips where we traveled together and he was one of the most pleasant and inspiring traveling companions I have ever had the opportunity to be with.

All of us here in the House will miss his smiling face and at this time on behalf of my wife, Reta, and myself, I wish to extend our deepest sympathy to Charlena and the balance of his family.

Mr. FISHER. Mr. Speaker, the death of JIMMY UTT came as a terrific blow to all who knew him. His friends in and out of the Congress were, in a manner of speaking, limited only by the number of people who knew him. He was a man of the highest integrity, a true patriot who always thought and acted in terms of what was best for the country. I have never known a more dedicated Member of this body.

I regarded JIMMY as a personal friend. Less than a week before he passed away it was my pleasure to talk with him at some length. At that time he was cheerful and optimistic, reflecting his faith in the capacity of the people to steer the ship of state in the right direction.

The loss of JIMMY UTT is a loss for the entire Nation. It will not be easy to replace him, certainly not with one so experienced and capable.

I extend to Mrs. Utt and the entire family my heartfelt condolences in their bereavement.

GENERAL LEAVE TO EXTEND

Mr. MAILLIARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the life, character, and public service of the late Honorable JAMES B. UTT.

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

There was no objection.

TRI-STATE YOUTH FOR CHRIST'S FAITH FESTIVAL

The SPEAKER pro tempore (Mr. MATSUNAGA). Under a previous order of the House, the gentleman from Indiana (Mr. ZION) is recognized for 60 minutes.

Mr. ZION. Mr. Speaker, I want to call attention to a most wholesome activity that will be occurring in my district on March 27–28. It is the "Tri-State Youth for Christ's Faith Festival" and it will be held in Evansville, Ind. As the "Tri-State" encompasses southern Indiana, southeastern Illinois, and northwestern Kentucky, the Governors of these three States have joined together to proclaim the week of March 22 to March 29, "Tri-State Youth for Christ Week."

At a time when much notoriety follows the antics of a few frenzied youths who are fighting established principles of conduct, it is singularly refreshing to eulogize the well-oriented and well-motivated youngsters who reflect the true spiritual and political strength of our great Nation.

The resolution follows:

RESOLUTION

Whereas, Tri-State Youth for Christ, Incorporated of Evansville, Indiana is affiliated with Youth for Christ, International; and

Whereas, Youth for Christ Organizations seek to communicate Christianity in a contemporary manner to today's youth; and

Whereas, This objective is accomplished by the holding of weekly sessions for young people to provide leadership training and an opportunity for the involvement of young people in Christianity objectives; and

Whereas, Tri-State Youth for Christ, Incorporated, in furtherance of this objective, is sponsoring a Faith Festival on March 27 and 28 at Roberts Municipal Stadium in Evansville; and

Whereas, The objective of this Festival is the mobilization of teenage youths from the States of Indiana, Illinois, and Kentucky and college-age youths from across America through the medium of contemporary music; and

Whereas, The purpose of such mobilization is to introduce young people to a Christ who is as contemporary as the music of today; and

Whereas, This Faith Festival will be attended by national entertainment personalities who are identified by their close relationships to young people; and

Whereas, This Faith Festival, its music, and its participants have as an objective the bringing to the "Now" generation something of value for which this generation has been searching;

Now therefore be it resolved and proclaimed by the undersigned, being the governors of their respective States; that, The week of March 22 to March 29, 1970 is hereby designated "Tri-State Youths for Christ Week."

EDGAR D. WHITCOMB,
Governor of Indiana.
RICHARD B. OGILVIE,
Governor of Illinois.
LOUIE B. NUNN,
Governor of Kentucky.

Mr. SHIPLEY. Mr. Speaker, Congressman ROGER ZION, of Indiana, has brought to my attention the forthcoming Faith Festival to be held in Evansville, Ind., on March 27 and 28.

In honor of this event, I would like to include in the RECORD the following article describing the Faith Festival:

[From Changing World, Feb. 21, 1970]

FAITH FESTIVAL

(By Charles H. Davis, managing editor)

They're the "Now Generation," but if you're visualizing disheveled hair and dirty hands, dope and dirty minds—don't jump to conclusions.

They're planning a "festival" that could attract many thousands of youngsters from many sections of the nation for a weekend in Evansville—but before you start writing protest letters, look again.

"They" are Youth for Christ, and while the idea for their festival admittedly evolved from the "rock festivals" sweeping the nation, it will be a different kind of event: It will be a "Faith Festival."

And, says George Dooms, director of host organization Tri-State Youth for Christ, most of the young people expected to invade Evansville on the Friday and Saturday before Easter "will be the highest type of youngsters you can find anywhere."

The Faith Festival will be held March 27-28 in Roberts Stadium.

"We just don't know how many to expect," Dooms admits. "We'll be happy if we can just fill the stadium's 13,000 seats."

But he also admits that the fame of many of the speakers and singers being invited to participate in the festival might well attract 25,000, 50,000 or even 100,000 persons.

"After all, the 'rock festivals' are attracting huge crowds; we believe there are more youngsters looking for what we have than are looking for the dirt and dope of the rock festivals," Dooms declares.

He adds:

"This is, after all, what the Youth for Christ movement is—an attempt to give the 'Now Generation' what it's searching for—something worthwhile; a reason for being.

"Because that's what is behind the restless rootlessness of today's youth: They're looking for something; many of them don't even know what it is. We know what it is; we have it."

And so, Tri-State Youth for Christ headquarters on U.S. 41 North is bustling with activity as the organization prepares for a "happening" that it expects to completely overshadow its "Youth for Christ" march last Easter when more than a thousand youngsters staged a 12-mile hike to dramatize their belief.

A staff of 15 volunteers and hundreds of youngsters are busily writing leters, stuffing envelopes, drawing posters and a hundred other jobs.

Such as preparing lists of homes in which youngsters can stay overnight if the need arises.

"We've been promised the cooperation of three of our largest hotel-motels," says Dooms, "but not knowing how many people to expect we just don't know what we'll need. We want to be prepared for any eventuality."

Finding a place for the youngsters to stay apparently won't pose a big problem "We've already had many offers from people who say they'll take care of anywhere from one to a dozen youngsters," according to Dooms.

When the Faith Festival opens at 7:27 p.m. Friday, March 27, the youngsters will find themselves in the midst of a happening that will have some of the flavor of a rock festival

"The folk atmosphere will be music groups and personalities identified with young people on a national scale," says Dooms.

"But the purpose of their music is not just to entertain but to present music that says something—something eternal," he adds.

As was the case in last year's Easter march, police will be present, but hopefully student curses and head-busting will not.

"It is of course possible that we'll attract a few characters who might want to turn the festival into something it isn't meant to be," says Dooms.

"Our plans will include means of controlling such an eventuality, in the first place, but in the second place, well, if some such youngsters do attend—they're the ones we really need to reach, aren't they?"

Mr. STUBBLEFIELD. Mr. Speaker, I wish to join some of my colleagues in calling special attention to the Tri-State Youth for Christ Festival to be held at the Roberts Stadium in Evansville, Ind., on March 27 and 28—the Friday and Saturday before Easter. In these times of dissent, protests, and general unrest, it is both refreshing and encouraging to know that some 50,000 to 100,000 persons are expected to come together for what has been described as "A different kind of 'Happening.'"

It is significant, I think, that Pat Boone and his entire family are scheduled to participate in this Faith Festival. It is my understanding that the purpose of the festival is to give the "now generation" something worthwhile; a reason for being. Surely the exemplary lives of Pat Boone and his lovely family will add an extra dimension to this purpose. My congratulations to the farsighted people of Evansville who have arranged this worthwhile and wholesome event.

Mr. GRAY. Mr. Speaker, I was thrilled to learn of the plans being made by the Tri-State Youth for Christ organization of Evansville, Ind., and my friend and colleague, Congressman ROGER ZION, for the Faith Festival being planned for the youth of Tri-State area on March 27–28, 1970.

Mr. Speaker, this is a different kind of happening. While so many of our youth are having such a willful disregard for law and order, and are getting their kicks from dope, it is indeed refreshing to see the youth of southern Illinois, Indiana, and Kentucky get together to praise and practice the good clean, rural things of life.

Mr. Speaker, these young Americans will have a good time at this festival. You can have clean fun and serve your God at the same time. My friend Pat Boone and his lovely wife, Shirely, along with their four daughters, will be in Evansville for this great rally and festival, along with other entertainers.

I want to commend our colleague (Mr. ZION) for calling this matter to our attention and wish the participants of the March 27–28 Faith Festival the greatest success for his service royale.

GENERAL LEAVE TO EXTEND

Mr. ZION. Mr. Speaker, I ask unanimous consent that all Members may have 3 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

IMPACT AND REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. QUIE) is recognized for 20 minutes.

Mr. QUIE. Mr. Speaker, I was pleased to introduce a bill, H.R. 16384, yesterday to carry out President Nixon's recommendation for reform of Public Law 874, the impact aid program.

There has been increasing criticism of this program in recent years, on the grounds that the assistance it provides to school districts does not accurately reflect the burden imposed by federally connected students. In addition, the program does not adequately assist poor districts and tends to supply funds to districts which are relatively well off. To analyze the strengths and weaknesses of the program, Congress directed that a study be made, and that study, known as the Battelle report, forms the basis for the administration's reform proposals.

The Battelle report found that, while the basic features of the impact aid program are sound, it provides substantial overpayments to many districts and thereby creates serious inequities for other districts with equally serious needs.

It is difficult to justify, for example, $6 million in impact aid payments to one of the wealthiest areas in the Nation—Montgomery County, Md.—on the grounds of a federally caused financial burden, when the primary impact of the Federal Government has been to increase this county's affluence. Under the present program educational agencies with less than 3 percent of their students federally connected usually receive no payments. Similar districts which are just barely eligible, perhaps with 3.1 percent Federal children, receive payments not just on the one-tenth of 1 percent above the eligibility minimum, but on all their Federal students—even that percentage which ineligible districts must absorb out of their own funds. Additional points of substantial concern include the extremely complex administrative regulations; the formula which does not accurately reflect economic burden; and the fact that the program places the Federal Government in some instances in the business of running its own schools rather than relying on the principle of local responsibility for public education.

The bill I introduce today is designed to deal with these problems and correct the major inequities of the program. Under its provisions:

First. The Federal Government would be obligated for its share of the costs of educating those federally connected students which a district has above the 3 percent of enrollment—the national average for federally connected pupils—or 1,000 pupils, whichever is less. In this way all districts would be paid for any unusual burden caused by Federal activity.

Second. Special negotiated payments would be provided to districts in which the Federal impact is over 50 percent of total expenditures. This provision recognizes the limitations of a single formula applied on a national basis. Negotiated payment would permit adjustment of entitlements to reflect the needs of the heavily impacted districts.

Third. Category B students—whose parents work on Federal property but live on taxable property—would be treated identically in determining both payments and eligibility. Under the present program, each B student is weighted less than a category A student—whose parents live and work on Federal property—in calculating payments, but B's are weighted equal to A's in calculating eligibility. This separate treatment is illogical, and the reduced weights for B's should also apply to eligibility criteria.

Fourth. School districts would be paid for those B students whose parents work outside the county in which the school

district is located—"B-outs"—at only one-half the rate of children whose parents work in the county in which the school district is located—"B-ins". This lower rate recognizes that the Federal burden on the community is not as great in the case of B-out children, since there is no Federal property removed from the tax rolls.

Fifth. The payment rate per eligible child would be 60 percent of the national average of per pupil expenditure in the year preceding the one for which entitlements are calculated. Unlike the present law, this method does not tend to reward the wealthiest districts which can afford the highest level of per pupil expenditures and which, considering their wealth, probably have the lowest Federal burden. The payment rate has been set at 60 percent since approximately 60 percent of all educational revenues come from local sources. The formula also provides recognition for States making a greater than average effort in terms of per pupil expenditure relative to per capita personal income. To eliminate underpayments or overpayments which arise from basing entitlements on data which are 2 years old, payments would be calculated using averages for the preceding fiscal year.

Sixth. Any payments accruing to a district from Federal properties for which pupils are claimed would be deducted from that district's impact aid payments. This would eliminate the inequity of double payments.

Seventh. Federally operated schools for children of military personnel would be phased out by 1974 and turned over to the school districts in which they are located except in cases where no school district is willing or able to provide suitable free public education.

Eighth. A hardship provision would assure that no district would have its payments reduced by more than 2 percent of its total budget in the first year of the new program. This should adequately protect districts against a too sudden decrease in total revenues.

RECOGNITION OF RHODESIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PRICE), is recognized for 5 minutes.

Mr. PRICE of Texas. Mr. Speaker, last week the tiny country of Rhodesia proclaimed its independence from Great Britain. By so doing, it declared as a matter of law what has been true as a matter of fact since 1965; namely, that Rhodesia has come of age and is prepared to join the world community of nations on an equal footing.

Rhodesia's declaration was particularly meaningful to me because in my mind, this valiant country has endured some of the same pangs of national birth as did the United States in 1776. While it is true Rhodesia's birth process was not bloody, as ours was, the underlying principles of freedom and self-determination remain the same, nevertheless.

It is for these reasons that I view with great dismay, Secretary of State William Rogers' just announced decision to close our consulate in Salisbury, Rhodesia and to withdraw U.S. diplomatic recognition from the infant Nation.

I urge my colleagues to join with me in requesting Secretary Rogers to reconsider this decision. I realize that a large part of his actions were motivated by a legitimate desire to strengthen and maintain United States ties with Great Britain. However, before we even consider agreeing to close our consulate in Rhodesia, Great Britain should agree to close its consulate in Hanoi and stop trading with our enemies. Last year 74 ships flying the British flag carried cargo to Haiphong Harbor in North Vietnam. In addition, Great Britain continues to carry on a thriving commercial relationship with Castro's Communist Cuba.

In another vein, critics of Rhodesian domestic policy both within and without the United States have based their objections on the fact that the country is governed by a minority. My response to that specious argument is simply this. Most nations of the world are governed in precisely the same fashion. The most noteworthy example of this is, of course, the Soviet Union. In that Communist stronghold, a relatively small number of dedicated individuals control with unbridled tyranny, a nation of over 200 million people. In spite of this dismal fact, however, we maintain a full scale embassy in Moscow.

Mr. Chairman, although the United States appears perfectly content to maintain diplomatic relations with Communist Russia, we do not attempt to maintain diplomatic relations with Rhodesia. What on earth can be going through the minds of our policymakers when they want us to recognize and consort with our sworn enemies, and ignore and isolate our friends?

Finally, and perhaps most importantly, I think the decision to close our consulate in Rhodesia flies in the face of the new shape of American foreign policy in the 1970's. Since 1965, Rhodesia has, on its own initiative, acted as an independent nation. During this time, its actions have been marked by a decorum and a consistency wholly appropriate to nations of much greater standing in the world community. Moreover, Rhodesia has fully met the accepted international legal definition of statehood; it has a permanent population, a defined territory, a working government, and the capacity to enter into international relations.

Rhodesia has earned our respect and our diplomatic recognition. To ignore this fact would be tantamount to ignoring our own heritage.

EMPRISE: A LITTLE MORE OF THE ICEBERG EXPOSED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. STEIGER) is recognized for 10 minutes.

Mr. STEIGER of Arizona. Mr. Speaker, on Wednesday, March 4, I offered to the Members a rather broad picture of a family-owned corporate entity, headquarters in Buffalo, N.Y., named Emprise.

Today I offer a list of the States and other countries in which they operate and that portion of their operations I have been able to trace:

TRACKS INVOLVING PRESENT STOCK OWNERSHIP, LOANS, DEBTOR-CREDITOR RELATIONSHIPS, AND CONCESSIONS

[Key: L-Loan; S-Stock; C-Concession or other contractual status]

Arizona:	
Amado Greyhound Park (L-$750,000).	S-⅓ owner.
Apache Greyhound Park	S.
Greyhound Parks of Arizona	S.
Black Canyon Dog Track	S.
Phoenix Trotting Park	S.
Tucson Turf Club	S.
Prescot Race Track	S.
Western Racing, Inc	S.
Phoenix Greyhound	S.
Western Greyhound (L)	S.
Tucson Greyhound	S.
Rillito (L-$250,000)	Foreclosed.
Arkansas:	
Southland Racing Corp	S.
West Memphis Greyhound (L)	S Control.
California:	
Bay Meadows Race Track (C)	
Tanforan Race Track (C)	
Golden Gate Race Track (C)	
Colorado:	
Rocky Mt. Quarterhorse Racing Association.	S.
Centennial (L)	S Control.
Delaware: Georgetown Race Track (L)	S (position strong).
Florida:	
Pensacola (L)	Western racing.
Seminole Race Track (C)	
Daytona (L)	½S.
Daytona Fronton	S.
Sanford (C)	
Orlando Dog Track (C)	
West Palm Beach (L)	
Bonita Springs (C)	
Dania Fronton (C)	
Sarasota Dog Track (C)	
Florida Downs (C)	
Idaho: (XX) Coeur D'Alene	S.
Illinois:	
Hawthorne (C)	
Maywood (C)	
Aurora (L)	
Cahokia Downs	S.
Fox Valley Harness Association	S.
Kentucky:	
Kentucky Raceway (L)	
Latonia (L)	S.
Miles Park Race Track	S.
Lexington (C)	
(XX) Florence Race Track	S.
Audubon Race Track (C)	
Louisiana: Jefferson Downs (L)	½ S.
Maine:	
Hancock Park (L)	
Scarborough Downs (C)	
Massachusetts: Berkshire Downs (C)	
Michigan:	
Detroit Raceway (L)	
Hazel Park Race Track (L)	One of controller stockholders along with Jack Tocco and Tony Sineli, sons of Dons of Cosa Nostra.
Northville Race Trace (C)	
Nebraska: Ak-Sar-Ben (C)	
New Hampshire: Hinsdale Raceway (L)	
New Jersey: Freehold Raceway (L)	
New Mexico: Sunland Park (L)	S.
New York:	
Batavia	Personal loan to chief stockholder and President.
Finger Lakes (L)	
Vernon Downs (L)	
Buffalo Raceway	S.
Ohio:	
River Downs (L)	S.
Thistle Downs (L)	
Cranwood (L)	
Randall Park (L)	
Toledo (L)	
Akron (L)	S control.
Ascot Park (C)	
Maumee Downs (C)	
Oregon: Portland Meadows (L)	
Pennsylvania: Pocono Downs (L)	
Rhode Island:	
Narragansett Park	S.
Lincoln Downs (C)	
South Dakota:	
Shadrack Park (C)	
Park Jefferson Race Track (C)	
Rapid City Dog Track (C)	
Sioux City Dog Track (C)	
Washington: Yakima Meadows (L)	
West Virginia:	
Shenandoah Downs (L)	Stock disposed of.
Wheeling (L)	Stock at one time.

TRACKS INVOLVING PRESENT STOCK OWNERSHIP, LOANS, DEBTOR-CREDITOR RELATIONSHIPS, AND CONCESSIONS—Continued

[Key: L-Loan; S-Stock; C-Concession or other conractual status]

FOREIGN RACE TRACKS

Canada (Operating as Dominion Sportservice):	
Fort Erie	S.
Greenwood	S.
Woodbine Race Track	S.
Connaught Park (C)	
Winnipeg (L)	
Garden City Race Track	S.
Mohawk Race Track	S.
Assiniboia Downs	S.
British Columbia Turf and Country Club Ltd	S.
Rideau-Carleton Raceway (C)	
Puerto Rico: El Commandante Race Track.	Strong stock position at one time.
England:	
Wembley Dog Track (C)	
Ascot Race Track (C)	
Doncaster Race Track (C)	
Chester Race Track (C)	
Chepstow Race Track (C)	
Nottingham Race Track (C)	
Windslor Race Track (C)	
Wye Race Track (C)	
Leicester Race Track (C)	
Folkestone Race Track (C)	
Cheltenham Race Track (C)	
Colombia: Bogota Dog Track (C)	

**Tracks not operating.

State	Beer	Liquor	Beer and Wine
Arizona		7	
Arkansas	1		
California	1	11	
Colorado	1	1	
District of Columbia	2		
Florida	1	12	
Georgia	2		
Illinois	1	8	
Indiana	1	8	
Kentucky	36	19	
Louisiana	2	2	
Maryland			1
Massachusetts		1	
Michigan	1	24	
Missouri	4	3	
Montana	1		
Nebraska	1		
New Hampshire		1	
New York	40	17	
Ohio	7	24	
Oregon	8	2	
Pennsylvania	1		
South Dakota	2	1	
Texas	4		1
Tennessee	1		
Virginia	1		5
Washington	1	1	
West Virginia	1		

Note: The following information, received from a source of known reliability in regard to all alcoholic beverage licenses held by the Sportservice Emprise Complex.

State	City			County	
	Beer and Wine	Beer	Liquor	Beer	Liquor
Arizona		2	2		
Arkansas		1			
Colorado				2	
Florida	1	2	4		
Georgia		2			
Illinois		2	2		
Kentucky		17	7	29	17
Louisiana			1		1
Missouri		2	2	2	2
New Jersey			1		
Oregon					7
Rhode Island		1			
Tennessee		3			
Texas	1	4		1	
Utah		1			
Wisconsin			6		
Village Liquor:					
Illinois	5				3
County: Beer and wine:					
Texas	1				4

GENERAL CONCESSIONS CLASSIFICATIONS

Major and minor league baseball and football parks.

Municipally and privately owned sports buildings, stadia and auditoriums.

Airports.

Running and harness race tracks.

Dog tracks.

Automobile speedways.

Indoor theatres.

Drive in theatres.

Opera houses.

Jai-alai frontons.

Turnpike, expressway and throughway restaurants and rest stops.

Subway and travel terminal operations.

Motel restaurants.

Parking lots and ramps.

Bowling centers.

Miscellaneous operations, such as horse shows, golf tournaments, parks, zoos, etc.

BREAKDOWN OF FACILITIES WITHIN OPERATIONS

Refreshment stands.

Restaurants.

Dining rooms.

Coffee shops.

Bars.

Cocktail lounges and bars.

Soda fountains.

Drugstores.

Souvenir, gift and novelty stands.

Barber shops.

Snack bars.

Public and employee cafeterias.

Race track kitchens.

Airport inflight feeding kitchens and services.

Regular, valet and preferred parking services.

Publication and sale of programs and score cards.

Bulletins and program advertising.

Automatic vending and service devices.

Mobile vending personnel and equipment.

Private dining rooms, banquet rooms, general catering and incident services.

Public locker service.

Clothing checkrooms.

Tournaments and special events mobile and canvas facilities.

CROSS SECTION OF OPERATING UNITS, MAJOR LEAGUE BASEBALL[1]

Location	Period of operation	Approximate seating capacity
Baltimore Orioles	1948 to present	50,000
Chicago White Sox	1946 to present	47,000
Cincinnati Reds	1936 to present	30,000
Cleveland Indians	1947 to present	74,000
Detroit Tigers	1928 to present	53,000
Kansas City Athletics/ Royals.	1951 to present[2]	32,000
Philadelphia Phillies	1951 to present	34,000
Pittsburgh Pirates	1929 to present	35,000
St. Louis Cardinals	1948 to present	30,000
Washington Senators	1961 to present	45,000

[1] Baseball operations also include numerous triple A and other minor league parks, as well as the servicing of league preseason training locations, and exhibition baseball events.

[2] Beginning when at Philadelphia.

FOOTBALL STADIUMS

Baltimore Colts.

Buffalo Bills.

Cleveland Browns.

Detroit Lions.

Kansas City Chiefs.

Pittsburgh Steelers.

St. Louis Cardinals.

Washington Redskins.

All of Major League Professional Football fame enjoy the benefits of Sportservice concession operations, as do many college and minor league pro football organizations.

BUILDINGS, ARENAS AND STADIUMS

LOCATION AND PERIOD OF OPERATION

Chicago Stadium, 1934 to present.

St. Louis Kiel Auditorium, 1957 to present.

Cincinnati Gardens, 1949 to present.

Milwaukee Arena, 1950 to present.

Cleveland Arena, 1936 to present.

Omaha Auditorium, 1954 to present.

Providence Arena, 1939 to present.

Together with more than forty other operations in this category across the United States and in Italy and England.

The Italian operations include the Stadio Olimpico, Stadio Flaminio and the Palazzo Sport—E.U.R. in Rome, and the English operations include the sports building and the stadium at Wembley near London, having a seating capacity well in excess of 100,000, to be enlarged in the near future to 150,000.

DOG TRACKS

While this fast-growing sport is as yet not legalized in a vast majority of our States, Sportservice already operates at dog tracks in Arkansas, Florida, Montana, South Dakota and Arizona.

DRIVE-IN AND INDOOR THEATERS

The Sportservice System operates the concessions at over three hundred theaters across the United States and as far away as Rome, Italy. Its domestic activities include extensive operations in the following States:

California, Connecticut, Florida, Illinois, Indiana, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio, Pennsylvania, Virginia, West Virginia, Wisconsin.

BOWLING ALLEYS AND RESTAURANTS

A relatively recent field for Sportservice, it is now intensively engaged in this area on both the East and West Coasts.

Restaurant chains in New York, New Jersey, Florida, Ohio.

The associations of the Jacobs, and therefore Emprise, with identified members of the underworld has been clearly established. Let us trace one longstanding relationship that ranges over a long period of time and involves several States.

The gentleman in question is John G. Masoni of Dania, Fla., and Cleveland, Ohio.

In the 1940's Mr. Masoni was one of the owners of North Randall Park Race Track at Cleveland. During his ownership he and his associates were accused of employing persons with criminal records and hoodlum reputations to do the policing at the track. These included: Part owner Matt Nelson, an identified front man for "Mushy" Wexler, Cleveland racketeer; Tony Civite, Cleveland Police Department picture No. 35319, alias "Muscle Tony," told what bookmakers and other undesirables would be permitted on the track; Nick Satulla, Cleveland Police Department picture No. 22890. Satulla served time for blackmail. He generally assisted Civite. Tom Sansfilippo, Cleveland Police Department No. 44579, was identified by Cleveland Police Lt. Martin P. Cooney, vice squad, as "a very bad actor, a killer, and a bookmaker." Lieutenant Cooney also made the identification of Civite and Satulla.

The Cleveland Press noted considerable information relative to the manner in which the mutual payoffs at Randall Park were calculated with regard to the place and show pools.

In 1951 Josiah B. Kirby attempted to start a dog track in North Carolina, set up in Moosehead Bluffs, N.C., and Moyock, N.C. Then Kirby was returned to prison—he had served 2 years in Atlanta for violation of Federal Securities

Exchange Act—for violating a court order not to act as a securities broker. Masoni and Sam Lombardo, his partner in Randall Park, took over as owners and brought in John Boggiano of New York.

Howard Forbes, former clerk of the court in Currituck County, N.C., stated that the money to finance the Moyock track came from Joe Adonis and Frank Costello of New York La Cosa Nostra. In March of 1953, Mrs. Vito Genovese stated, in a separation hearing in Superior Court of Freehold, N.J., that her husband was a high-ranking member of the Frank Costello La Cosa Nostra family and that Genovese had financial interests in dog tracks in North Carolina.

In December 1953, John G. Masoni, Sam Lombardo, and John Boggiano bought the Palm Beach Kennel Club. Boggiano was a partner in a nightclub with one Stephen Franse, who was found beaten and strangled to death, June 19, 1953, in a gangland-style execution. The murder is still unsolved. Masoni and his partners bought a controlling interest in Jefferson Downs Race Track in 1959, by purchasing 85 percent of the Jefferson stock. Carlos Marcello has been named by a New Orleans FBI agent as a part owner of Jefferson Downs. Marcello is also a recognized La Cosa Nostra kingpin.

Masoni currently operates the Daytona Beach dog track with a loan outstanding from Emprise and at least 50 percent stock participation by Emprise.

The present president of the newly organized Emprise, within the last 4 weeks, Jeremy Jacobs, owns 45 percent of the stock in a track that is being started Coeur D'Alene, Idaho. John G. Masoni owns 45 percent and Joseph Hanson, of Idaho, owns the other 10 percent.

I bring this out because Mr. Jeremy Jacobs has stated, when confronted with old associations of Emprise and hoodlums that "that is something my Dad—now deceased—must have done and I am not familiar with it." This is a situation in which Jeremy Jacobs has involved himself with John Masoni, who, in addition to the facts recited, has been linked with Big Bill Lias at Wheeling Downs, W. Va., and Dutch Schultz, gangleader at River Downs.

THE SENIORITY SYSTEM IN THE HOUSE OF REPRESENTATIVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. HARRINGTON) is recognized for 30 minutes.

Mr. HARRINGTON. Mr. Speaker, the absolute reliance of the House of Representatives upon the seniority system has taken its toll upon the vigor with which this body responds to the needs of modern society.

It is not an accident that our constituents no longer have faith in the capacity of Congress to solve the complex problems of modern America. The House of Representatives by its own rules and traditions has removed itself from the mainstream of American life and has blighted its chances of focusing on those national issues most relevant to Americans today.

I make these statements today, Mr. Speaker, recognizing fully the shortness of my time in this body. But as a candidate only last fall, I ran on a platform committing me to support changes in the House of Representatives. My short experience has reinforced those views. The need for reconsideration of the congressional rules and traditions is obvious if this body is to regain its rightful place of leadership beside the executive and judicial branches of our Government.

The House of Representatives is a unique legislative body.

The Founding Fathers, by providing for the election of all the Members of the House of Representatives every 2 years, sought to establish an institution which would remain closely attuned to the current aspirations and current concerns of the voting public.

In James Madison's words, it was essential that the House of Representatives should have an "immediate dependence on, and an intimate sympathy with the people."

To the degree that Congress reflected this intention, the House of Representatives has been a significant force in the Government of the Republic.

For over a century of our national life the House of Representatives played a full role in the delicately balanced scheme so wisely devised by the Constitution. And accordingly, Members of this body were giants in the land, leaders of the Government, and architects of national policy.

Such was the position of the House of Representatives that Woodrow Wilson could still remark that the Congress at the close of the 19th century was "the dominant, nay the irresistible, power of the federal system."

But today, without being disrespectful of the many able men and women of the House of Representatives, it is abundantly clear that our branch of Government no longer commands the public role nor provides the platform for dynamic leadership which characterized this legislative body for so long.

This is not because less able citizens aspire to public office.

This is not because less capable and less creative men and women serve in the Congress.

This is not because our times are any less demanding upon the talents of those who have been elected to the Congress.

It is because the system of rules and traditions called "seniority" which has grown up in the House of Representatives during the last 50 years has distorted our constitutional mission, thwarted the expression of leadership, and frustrated attempts at reform within the Congress itself.

I speak, Mr. Speaker, of rules and traditions which we ourselves have adopted, measures which are not a constitutional part of our system.

I speak of rigid applications which, contrary to the understanding of many throughout the country, are only a major part of the tradition of the House of Representatives in recent times.

I speak of an almost total reliance upon a system which names committee chairmen on the basis of the number of years which they have served on their committee.

In 1960 President John F. Kennedy proclaimed that the torch of leadership had been passed to a new generation of Americans. The late President could not have been speaking of the House of Representatives. Here, to the contrary, leadership has been restricted to a senior generation of Americans. We select men as our committee chairmen who may or may not have leadership capacity, who may or may not reflect the current views of our country, who may or may not have the confidence of their committees. We select men who have been here a long time; that is why they are committee chairmen. Yet they exercise control over our most fundamental powers, namely the initiation and consideration of legislation.

Alexander Haymeyer wrote in his book "Time for Change" that "Congress is probably alone among private or governmental bodies charged with any kind of responsibility which lets leadership depend exclusively on the accident of tenure."

I do not disparage age. I do not disparage experience. I do not disparage seniority in itself. These are valuable criteria which should be considered when we seek to fill leadership positions. But length of service or seniority should not be the sole criteria for selection.

Presidents are not selected by seniority, nor are judges, cabinet members or business executives, nor are we elected by seniority. Only committee chairmen serve by virtue—exclusive virtue—of their length of service.

Only we have institutionalized age and length of service. In the executive branch the average age of Cabinet members under President Nixon is 55, under President Johnson, it was 50. And under President Kennedy it was 48. But in Congress, the average age of committee chairmen is 70, and the average seniority of the chairmen of the House of Representatives is 28 years.

What other institution requires that its members serve for 28 years before being elevated to positions of responsibility and direction?

Can we imagine either Ford Motor Co., the University of California, or the United Auto Workers stipulating that its executives be on the payroll for 28 consecutive years before being eligible for a position of authority?

And 28 years is merely the average length of service among our chairmen. One distinguished chairman—the chairman of the powerful Rules Committee—served 35 years before being named chairman of his committee 3 years ago. In other words he was 77 years old when he began his term as an executive in Congress.

I ask you, my colleagues, to look at the record today of the length of service of chairmen now serving in the House of Representatives. I ask you to look at this record without in any way equating seniority with either ability or lack of it, but to look only at the number of years of service which characterize the chairmenships:

The chairman of the Agriculture Committee, 34 years of service.

The chairman of the Appropriations Committee, 36 years of service.

The chairman of the Armed Services Committee, 30 years of service.

The chairman of the Banking and Currency Committee, 42 years of service.

The chairman of the District of Columbia Committee, 32 years of service.

The chairman of the Education and Labor Committee, 26 years of service.

The chairman of the Government Operations Committee, 28 years of service.

The chairman of the House Administration Committee, 18 years of service.

The chairman of the Interior and Insular Affairs Committee, 22 years of service.

The chairman of the Internal Security Committee, 10 years of service.

The chairman of the Interstate and Foreign Commerce Committee, 22 years of service.

The chairman of the Judiciary Committee, 48 years of service.

The chairman of the Merchant Marine and Fisheries Committee, 23 years of service.

The chairman of the Post Office and Civil Service Committee, 12 years of service.

The chairman of the Public Works Committee, 26 years of service.

The chairman of the Rules Committee, 38 years of service.

The chairman of the Science and Astronautics Committee, 26 years of service.

The chairman of the Standards and Official Conduct Committee, 26 years of service.

The chairman of the Veterans' Affairs Committee, 24 years of service.

The chairman of the Ways and Means Committee 32 years of service.

Longevity of service was not always the criteria in the House of Representatives. The House was, as I indicated earlier, designed to be that body of government most responsive to our national electorate, most sensitive to national changes of interest and direction, and until the 20th century that was the case.

One hundred years ago committee chairmen had served an average of 6 years in the House. Today the average committee chairman has served 28 years.

One hundred years ago the average age of Representatives was 46; today the average age is 52. Not really so great a difference, but 100 years ago the average age of a committee chairman was 49. Today he is almost 70.

Seventy years old is the average age of our leadership, while in private business the average age for retirement is 65. If retirement rules were followed by this body all but five of the present committee chairmen would be forced to retire.

This body has itself passed rules requiring civil servants to step down at age 70. If we followed the rules we have laid down for others, half the committee chairmen would have to retire.

May I repeat, longevity of service may well—and often should be—included as criteria for leadership. But not the only criteria, and obviously, by establishing this as the only criteria, the House of Representatives has denied itself relevancy to an age where half our population will this year be under 25 years. We have ourselves, through our own rules, estranged ourselves from our constituency. It is time indeed for a change.

Mr. Speaker, I intend on later occasions to devote myself to specific examples of where this system I have described this afternoon has worked to the very strong disadvantage of what America is today. When I talk about urban America, I talk about the America where 80 percent of our population lives. I intend to address myself to suggestions made not by myself alone, but by others more thoughtful and of longer service who have had this problem before them and have dealt with it. I feel it incumbent upon myself to deal with this problem and to have the House address itself to this problem, which is the reason for my remarks this afternoon.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. HARRINGTON. I yield to the gentleman from Massachusetts (Mr. BURKE).

Mr. BURKE of Massachusetts. Mr. Speaker, I commend the gentleman for his scholarly statement.

I would like to tell the gentleman that I exercised the same concerns the gentleman has expressed today when I was first a Member of this House. I remember during my first term how I fought against the seniority system. I thought it grossly unfair.

I looked into the future and said that it would be 20 or 25 years before I would ever be able to attain the position of chairmanship. However, the second term came and I changed my position a little bit. Then a third term came and I started to look a little bit more favorably on the seniority system. Then my fourth term came and I started to favor the seniority system. Then came my fifth and sixth terms. Now I am fourth from chairman of the House Ways and Means Committee. I would hate to see these 12 years go down the drain because some powerful group might be able to come in on my House committee and prevail on them to defeat me as chairman. The AMA would like to bring about my defeat, opposing me as the chairman of the subcommittee. I can see the great chairman of the Committee on the Judiciary, MANNY CELLER, who in my opinion is one of the greatest legislators not only today, but throughout the entire history of America— I can see men who have served in this body through the years who have had to go back to their districts and had to meet the test year after year. I recall in 1959 when I came here there were about 25 freshman Members who took the rostrum every day and opposed the seniority system. Most of them were defeated when they came up for reelection. Some of them lasted two terms.

I say to the gentleman that he and I both served in the Massachusetts Legislature. I am not going to quarrel with the gentleman here today but I am pointing out some of the evils of the system, that do not occur under the seniority rule, where a speaker of a legislative body has it in his hands to hold complete life and death over a member of the legislature as to whether he will serve on a powerful committee or as the chairman of a committee, or just what his actions will be. I do not believe that this is the type of system we should have in Congress. The seniority system does produce an independence I believe on the part of the Member of the Congress because no one can remove him from the committee unless he resigns himself. Yes, we get all types and cross sections as members of these committees as my good friend pointed out, for example, the chairman of the Committee on Banking and Currency, WRIGHT PATMAN. Why, WRIGHT PATMAN has been the greatest voice in America against the gouging of the people on interest rates. Do you not think for one moment that the banking industry in this country, the greedy ones, would not like to see the removal of WRIGHT PATMAN as chairman of that committee? Do you think he could get elected as chairman of the committee with the powerful ABA opposing him? Do you think that JIM BURKE would get elected to the House Committee on Ways and Means with the AMA and all of those other powerful groups against him? I say that we have to be a little bit realistic. There is a future for men like myself here who come in here and do not depend on the powerful tycoons of this Nation to get elected.

And, that system in my opinion is the seniority system. It is the fairest system I know of that has been devised by a legislative body.

I am sorry I disagree with my good and able friend from Massachusetts. However, I want to point out to the gentleman the fact that as the second ranking member of the Committee on Armed Services the gentleman from Massachusetts (Mr. PHILBIN) has been here since 1942. It has taken him that long to get up into that position, but he is there. I would further point out the fact that the Honorable EDWARD BOLAND is a member of the powerful Committee on Appropriations and is now chairman of a subcommittee of that committee. There is also Congressman HAROLD DONOHUE, chairman of a Subcommittee on the Judiciary. You can read the roster all the way down. Hon. THOMAS P. O'NEILL, Jr., a ranking member of Rules, Hon. SILVIO CONTE in a ranking position on the Appropriations Committee. Hon. TORBERT MACDONALD, second from chairman of the Interstate and Foreign Commerce Committee. You can go down the entire litany of all the names of these men and you will find that the great State of Massachusetts has done an excellent, outstanding, and wonderful job insofar as its membership is concerned and their assignments to the committees.

The gentleman himself is on the Committee on Banking and Currency now, and I predict a great future for him on that committee. No doubt, possibly within 10 or 12 years, he could be chairman of the Committee on Banking and Currency. But there is one test we have to meet to reach up into the seniority system and that is to be reelected by the people of our respective districts every

2 years when we step up to the plate. I hope the day never comes when the Speaker of the House of Representatives, or any individual, has the power of life and death over any individual Member as to what committee he will serve on and what position he will hold on that committee.

I would hate to see us having to jump up and down like a robot in this House and being tossed around like a yo-yo involved in wheeling and dealing in the election of a chairman as the result of lobbying activities or as a result of other activities on the part of those who have the power in this Nation.

Mr. HARRINGTON. Mr. Speaker, I appreciate the remarks of the gentleman from Massachusetts whose experience I recognize and whose opinions I value highly.

I hope, since the gentleman has pointed out his experience in earlier years, he will permit me to go one step further. I think of the examples which he has cited and they are ones which are laudable and commendable in many ways. I think, in general, there is a lot to be said about his position and the attempt to make certain there is a continuity of service here in the House of Representatives. However, I question seriously that the rest of the country shares the view the gentleman has expressed. I question whether continuity of service is the answer, and I question whether the country is, instead, looking increasingly to the Executive and the Judiciary for leadership rather than Congress. I do not say this because I want to take issue with the question of whether or not the Congress is able to be effective. I say this as a matter of course.

We are talking about a period when the citizens of this country are growing younger when one-half of the country's population is under 25 years of age and whether the seniority system itself best serves this group. I have referred to the reverse order where the question of age of its Members should automatically grant to them power and responsibilities. I question whether or not this makes sense. I question whether or not this should be our sole yardstick.

The gentleman from Massachusetts (Mr. BURKE) during the period of his lifetime has served a very useful purpose, but I would say in turn to the gentleman from Massachusetts or the gentleman at the mike this afternoon that I hope he does not have to stay in one committee assignment for 28, 30 or 40 years and still not be considered as being eligible for a chairmanship.

I raise these questions not because I have the answers to them but because I think there is legitimate reason to feel that a sizable segment of our population today, especially among the young people on both sides, are looking to the people in the executive and judicial branches of Government. People like former President Eisenhower have questioned seriously the seniority system and whether or not it makes a lot of sense insofar as this body being effective is concerned.

I realize also, in the abstract, that we do have to stand for reelection each year. However, I also realize that in 1968 during the political activities of that year the late Dr. Martin Luther King and the late Senator Robert Kennedy were killed. I also recall the disorder, disturbance, and confusion which followed and the campus riots and civil disorders which characterized that summer. Yet in this year of great discontent, only nine incumbent Congressmen were defeated.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield further?

Mr. HARRINGTON. I yield to the gentleman.

Mr. BURKE of Massachusetts. Of course, everyone in this Nation regrets these terrible assassinations, but I do not see how putting the power into one man as to the appointment to committees can substitute for a Committee on Committees today.

There are 15 Members on the Democrat side, elected from 15 regions of the country, who make their elections and their selections to assignment to the committee, then it comes before the caucus of that party and that caucus approves of this, or disapproves of it. It then comes into the House, and the House then approves or disapproves of the assignment of those Members of the committee. Now, I know—and I do not want to refer to any specific speaker in the Massachusetts Legislature—but the gentleman has served there, and we know that for many years it has been the policy up there by some of the speakers—and some of them have been very ruthless—if a member of the house did not agree or did not vote in the way that speaker wanted them to vote, that speaker the next year would take that member off the committee on ways and means, or off the committee on rules, or any other powerful committee, and would assign the member to the committee on waterways. That committee meets about three times a year, and it is the most insignificant legislative committee in the Commonwealth of Massachusetts. I hope that this Congress never gets down to that level. I hope that we have a democratic process, as we have here today in this House, where 15 Members on the Democrat side—and I am just speaking for our side, the Republicans have 10 Members on their side—where they choose the Members and assign them to the committee, and then that assignment has to have the approval of the party members, and then it has to come in here and be read in the House and have the approval of the House. That is the most democratic way I know of to have Members assigned to the committees.

As far as reaching seniority, why, out in Illinois we have BILL DAWSON, who is chairman of a committee. Can you imagine 15 years ago, or 10 or 12 years ago, BILL DAWSON getting elected chairman of a committee? Can you imagine ADAM CLAYTON POWELL being elected to the position of chairman of the Committee on Labor and Education? Those are the questions I want my good friend to keep in mind. ADAM CLAYTON POWELL rose up to that position and pushed through more legislation beneficial to labor and education than any chairman in the history of that committee, and it was brought about as a result of the seniority system.

BILL DAWSON is chairman of his committee as a result of the seniority system. And I say God help either one of them if it ever came down for an election of them to the post of chairman.

That is the only way that men like JIM BURKE or ADAM CLAYTON POWELL or BILL DAWSON or EMANUEL CELLER, anyone else who fights out can reach the position of chairman of a committee in this House, in my opinion, is through the seniority system. And the only way to be successful under the seniority system is to get reelected in your district, and get the approval of the people in your district, and then when you become chairman you are chairman there because you have been reelected over the period of years and you do not have to wear the collar of the Speaker, and you do not have to do the bidding of the White House, and you can serve there as an independent member, voting independently and acting independently, in the best interests of the American people.

Mr. BUSH. Mr. Speaker, will the gentleman from Massachusetts yield for a question?

Mr. BURKE of Massachusetts. The gentleman in the well has control of the time.

Mr. HARRINGTON. I yield to the gentleman from Texas.

Mr. BUSH. Mr. Speaker, I thank the gentleman for yielding. I think the gentleman knows that I serve on the Committee on Ways and Means with the gentleman from Massachusetts, and I believe that the gentleman from Massachusetts has underestimated his ability in there.

Let me direct this question to the gentleman: Would the gentleman object to a system where the committee chairman was chosen from, say, the top four or five or three members on that committee who, through their seniority, have gotten to that place, but were elected by their peers on the committee?

Mr. BURKE of Massachusetts. I would object to it. Of course, I would object to it. Because I know I would not have the chance of a snowball in Hades of getting elected, nor would anyone else who has spoken out for the people, because he would have the most powerful lobby in America working hard to make sure that he did not get elected. I am a practical and realistic man, and I believe that you have to be practical in this respect, and the seniority system is the only way that I know of that has been devised that will allow a man to rise to the top position of a committee without accepting the dictates of the Speaker, or the dictates of the White House, or the dictates of the powerful interests groups that try to control legislation in this body.

Mr. BUSH. I am not sure that I follow the gentleman. If you are being selected from those two or three or four members on the committee and are elected only by those members on the committee, I fail to see why there would be any excess pressures brought to bear on the members of the committee with whom you have served for many years and who certainly have respect for you.

Mr. BURKE of Massachusetts. When

I came here to the Congress, they were fighting for the Forand medicare bill. They were fighting for it. It took as long as 7 years to come up and get through. It was first originated under Harry Truman's administration and it was not until we got some more members on that committee who were concerned about the plight of the elderly that we were able to get 13 votes for medicare. That is the history of medicare. The greatest piece of legislation affecting the elderly in the last 50 years in this country. That was brought about as the result of the seniority system and the way it works.

When Joe Cannon was Speaker of this House, he was known as a dictator and tyrant. Why he went down to the restaurant one day and they did not have the type of soup—bean soup—that he wanted on the menu. He was so powerful that he was able to issue orders to the House restaurant to continue bean soup on the menu from that day forward. You go down there today, in this great year of 1970—and I believe that that took place in October 1904, and you will find out that he was such a tyrant and such a dictator that he was able to put forth his order and it is carried out even today on the menu of the House restaurant and bean soup is on that menu every day. I doubt very much if anybody in this Capitol has the courage to stand up and go down there and get it taken off.

Mr. BUSH. Mr. Speaker, if the gentleman in the well will yield further, I suggest that the gentleman is making a good case to improve on the seniority system.

Let me say this, getting back to the issue of medicare, in the Committee on Ways and Means if indeed that was a popular position today and the legislation was as popular as the gentleman suggests, it would seem to me that the gentleman who fought for this legislation would stand an excellent chance of having this recognized by his peers on the committee, and I would suggest that a man like the gentleman from Massachusetts with the regards that we all feel—and I do not have a vote—I am on the other side—with the regard that we feel for this gentleman would find that he would be a serious contender in his own party for this chairmanship. With all due respect to the extremely able chairman of the committee, that the chairman would be unanimously reelected by the people on your side because they recognize and know his expertise.

Mr. BURKE of Massachusetts. That is right—and I would be one of those leading the fight to elect him.

Mr. BUSH. Because he knows more.

Mr. BURKE of Massachusetts. Because he is recognized an able man—and he rose up through the seniority system.

Mr. BUSH. Mr. Speaker, if the gentleman in the well will yield further—and you would vote for him because he knows more about tax legislation than anybody on your side on the Congress.

Mr. BURKE of Massachusetts. And on your side, too.

Mr. BUSH. Perhaps more than the whole Congress.

Mr. HARRINGTON. Mr. Speaker, I would just like to make the comment that I can agree with the gentleman from Massachusetts in many instances and that there are many desirable aspects to seniority and length of service. But I would also point to the example we have today in the District of Columbia and to the problems that exist in the Nation's Capitol relative to effective Home Rule. When one considers the lack of this Home Rule in the District of Columbia and the deliberately hostile treatment of its residents, particularly the blacks, and when one considers the history of the Rules Committee in the 1960's when the chairman systematically refused to deal effectively with civil rights legislation to the detriment of 20 percent of the Nation's population, then so far as I am concerned, the evils of seniority far outweigh its assets.

There is always going to be an element of good or bad, but I do not want to get off the subject. I will just point out to the gentleman from Massachusetts, I appreciate getting the benefit of the time that he has had here and appreciate the remarks he has made. But may I suggest as one who comes from the urban north that he might consider whether or not our interests, if I may speak parochially for a moment, are being well served by the structure of the Congress today.

I do not want to say this to inject an element of divisiveness in this body, but I think the facts of life and the situation that exists is quite clear. Eighty percent of our population is urban. I seriously question whether their needs are being well met by the structure of the Congress.

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

Mr. HARRINGTON. I yield to the gentleman from New York.

Mr. LOWENSTEIN. I want to thank the gentleman from Massachusetts (Mr. HARRINGTON), for raising this issue today. We are extremely fortunate—"we" meaning both the Congress and the American people—to have him here with us, bringing as he does such remarkable qualities of courage and intelligence to the work of this House.

Perhaps one day soon we should have a special order on the question of bean soup. I pledge meanwhile that not even the ghost of Joe Cannon will drive me to drinking any.

If the effort to make this House more efficient and democratic is to have any hope of success the seniority system will have to go. Those of us who are determined to see it go do not plan to restore Speaker Cannon in its place. We are mystified by the notion that the highest representative body in a nation committed to governing itself by democratic process—that the highest elective body in the United States is for some reason unfit to choose its leadership by election. As I have remarked before, not even societies that worship their ancestors automatically make them chairmen of their committees on armed services and whatnot. I include at this point in the RECORD part of a statement I made by some chance on the day that the then newly-elected Member from Massachusetts took his seat in the House, last October 3. How good it is to have that Member add his strong and reasoned voice today to the growing number of voices in the House, from both parties and from every part of the country, that are determined to make this place a more responsive and effective part of government.

Mr. Speaker, many of us have sat through this debate in increasing sadness and disbelief.

We are dealing with huge sums of money, with the security of the country, with the future of the planet. All of us were elected to deal with these matters by similar numbers of citizens, in procedures designed to give an effective voice to the voters and to gain respect for representative government as the way that a free people should conduct their business.

It is my view that what has been wrong during these past few days is what is wrong generally with the way the House operates, and that is not something that can be blamed on individuals or cured by expressions of personal hostility. The fault is in the way we view ourselves, the way we take our responsibilities. This ought to be a place of high debate. There ought to be a clear record of how elected representatives voted on great issues. The proceedings ought to be relevant to the pulse of the Nation, ought to reflect some of the mood and concern of the world around us. Sometimes these things hapen here, but more often they do not.

I love this place. To be elected to it is as high an honor as I expect to attain. But we demean this place—and ourselves—when we allow procedural tricks to throttle debate on the greatest issues facing the country and to prevent our votes being recorded on these questions. I think it is fair to say that for many Members the last few days have reinforced the determination to begin soon to correct the rules that produce situations like the one we are in now.

Can anyone justify rules that make it impossible for us to have a record vote now on whether or not the ABM should be deployed? Does anyone think it adds to the prestige or effectiveness of the House of Representatives when we are literally not permitted to vote on proposals that are supported by half the Members of the U.S. Senate? Does it add to our prestige or effectiveness when men elected to represent millions of Americans are not allowed to speak at all, or are told to confine their remarks to 45 seconds?

What it does do when these things occur is to deny the House the opportunity to hear the views of millions of Americans in even remote proportion to their strength outside this House. So the House deludes itself that it reflects the feelings of the public, and increasing numbers of citizens doubt that representative democracy is functioning in this country. This does little to weaken the efforts of those who prefer government by decree, or government by confrontation, to government by democratic legislative process.

We have heard speech after speech today supporting the national policy in Vietnam. But to conclude from these

speeches that the American people are united behind this policy, one would have to be oblivious to what is going on in the country. I do not rise at this moment to discuss whether there should be unity behind this policy. I simply want to observe that we fool no one but ourselves when we allow this sort of discussion to create that sort of illusion.

Similarly, it is not primarily the merits of deploying the ABM that are in question in this situation. What is in question is a procedure that says we cannot vote on deploying the ABM so the people who elected us will know where we stood on this issue. Can anyone suggest that doing business this way will increase faith in, or respect for, either this House or the concept of representative democracy?

What, in fact, is wrong with letting the American people know where we stand? The ABM was an issue in many of our campaigns. We have a new Member from Massachusetts, just elected, and his opposition to deploying the ABM was a part of why he won. Can it be that the people who favor deploying the ABM are afraid they would lose on a rollcall? Or are they afraid of being on record for deployment when they come up for reelection? And in any case should their fears—whatever they may be—be determinative of our procedures?

Surely we can find ways to protect the public from this kind of transgression of democratic process, even if we do not respect ourselves enough to protect ourselves from it.

Too much that happens here simply reminds everyone that we are not conducting ourselves as we should, that we are not conducting the necessary business as this decade, this difficult period for the American people, requires us to do. We have greater obligations than we have met by our behavior today, or during this session generally, for that matter. Everything in our rules and traditions that impedes the efficient operation of democratic process—everything in committees and on the floor, everything from minority rights and seniority to how we determine if a quorum is present and how we record what occurs—all these things ought to be reexamined and overhauled soon.

The House of Representatives need not continue in its present condition. It dare not. I hope that if nothing else constructive comes of all the frustration and irritation of the past few days, a greater incentive—and resolve—to revise our procedures will survive. That would be an important gain, much more useful than acrimonious personal attacks.

I thank the gentleman for yielding. It took guts and discernment for him to make his maiden address here on this subject. I salute him for the skill and good judgment with which he has handled this discussion, as well as for his other valuable contributions to the effort to overhaul the way the House conducts its business.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. HARRINGTON. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. I merely wish to commend the gentleman for bringing this matter to the attention of the House. It should be discussed fully and openly. I know there are many areas in which we can bring about improvement. I am with him in seeking those improvements which will help the people as a whole throughout the Nation. I know the gentleman is interested in doing so. We may differ in our methods of approach. I may differ with him in blaming all the ills of this country on the seniority system in the House. I do not think the gentleman meant to imply that. We have too many other causes for the problems that we have. But I wish to commend the gentleman for the time he has given me to answer him in my own way. I hope we will have an opportunity to debate this issue further with our good friend from New York, because I know he has many ideas on the subject. I would like to discuss with him the so-called system of assignments to committees and returning, according to his advocacy, to turning back the clock to the days of Joe Cannon, the great dictator who served here as Speaker of the House.

PROPOSED PANAMA CANAL TREATIES: TIME FOR SECRETARY OF STATE TO SUPPORT THE CONSTITUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 30 minutes.

Mr. FLOOD. Mr. Speaker, after a series of indications in both Panama and the United States that the question of the discredited new Panama Canal treaties, proposed in 1967 but never signed will be reopened, I addressed a letter to Secretary of State William P. Rogers. In it I urged him to make a forthright and resolute statement on our canal policies along the lines of those made by former Secretaries Hughes and Dulles with reasons therefor.

In this connection, I would invite the special attention of the Congress to what appeared to have been a trial balloon for reopening the Panama Canal treaty negotiations in the form of a letter to the editor in the Washington Post of January 4, 1970, by Foreign Service Officer Robert McClintock. This letter was discussed by me in an address to the House in the CONGRESSIONAL RECORD of February 10, 1970, page 3164, under the title of "Panama Canal Policies: State Department Confusions Clarified."

The present Secretary of State seems to be in deep water with respect to the Panama Canal. Evidently he has not made any deep or adequate study of the subject and must depend on holdovers from previous administrations who were responsible for the policies then followed. A public official is no better or wiser than those he has chosen as advisers.

The monstrous treaties proposed in the last administration were never accepted by either Panama or the United States; yet it is openly stated that they will be used as a basis for further negotiations.

Judging from many comments from Members of the Congress and informed citizens in various parts of the Nation, my February 5 letter has met with overwhelming approval. However, a few individuals have expressed the view that I was too hard on State Department officials as regards the conduct of our Panama Canal policies.

In reply to such comments, I would ask this one question: "How can officials of the executive department of our Government, who are bound by oath to support the Constitution of the United States—article VI, section 3—justify their actions in attempting to cede territory and other property of the United States known as the Canal Zone and Panama Canal without the authorization of the Congress—article IV, section 3, clause 2?"

The answer is obvious, for they cannot. The only possible explanation for such untoward conduct on their part is that they were attempting to accomplish by stealth and the treaty process what they could never do by forthrightness and the legislative process, on the fallacious assumption that treaties made by the President and the Senate are superior to the Constitution.

The Congress has not authorized the disposal of either the Canal Zone or the Panama Canal, but on the contrary, has, on a number of occasions, indicated its strong opposition to such surrenders. The last such opposition was the sponsorship by more than 100 members of the house of resolutions opposing any surrender at Panama. Any Secretary of State who undertakes to make a treaty or treaties in violation of express provisions of the Constitution might, indeed, subject himself to impeachment—article II, section 4.

In viewing the overall canal sovereignty situations, the Congress should never forget these historical facts: First, that the grant in perpetuity of all the rights, power, and authority of sovereignty over the Canal Zone territory was obtained by treaty with Panama, and second, that the ownership of all lands and property in the Zone was secured by purchases from individual property owners pursuant to an act of Congress—Spooner Act of 1902—all at the cost of our Nation's taxpayers. The Canal Zone was the most costly territorial acquisition in our history—House Document No. 474, 89th Congress, page 361.

The major terms of the Panama Canal Treaty of 1903 provide for a two-way street. Not only is Panama bound in perpetuity by its provisions, but also the United States. Thus our Nation is obligated to maintain and operate the Canal in the Canal Zone in perpetuity just as Panama is obligated in its indispensable grant of sovereignty in perpetuity. In fact, should the United States surrender its sovereignty over the Canal Zone as provided in the proposed treaties, the Panamanian Government could, with justice, take the position that the United States seeks to escape its obligations to Panama to operate such canal in perpetuity and claim a huge indemnity in damages. Thus the 1903 treaty carries lasting obligations on both countries and is to their best interest, as well as of other affected nations. The grave mis-

fortune of Panama's unstable government fully reveals the wisdom of the basic provisions of the 1903 treaty both for that country and the United States.

I have now received a reply to my February 5 letter from the Department of State. Because it is not responsive to certain key points in my letter, I wish to comment on some of the features.

Regardless of whether Assistant Secretary Meyer made the remarks attributed to him, they were widely published and had the effect of having been made by a responsible official of the State Department.

As to the "broad study" by the present Atlantic-Pacific Interoceanic Canal Study Commission, this is not an independent body, but merely an employed consulting board conducting an inquiry rooted in the executive department with the statutory limitations of a predetermined objective of a canal at sea level—Public Law 88–609, 88th Congress. Moreover, the chairman of this study group was also the chief negotiator for the discredited 1967 treaties.

In regard to the assertion in the State Department's reply that "any action that might be taken will be subject to the full constitutional processes of our Government," I have no way of judging the future except by the past. In the drafting of the proposed 1967 treaties, the provision of article IV, section 3, clause 2 of the U.S. Constitution regarding the disposal of territory and other property of the United States was ignored. Nor do I know what the State Department's construction of "full constitutional processes" may be. That also is a vital question that I would like to have clarified.

The final position of our negotiating team as shown by the proposed 1967 treaties was for an eventual giveaway not only of the Canal Zone and the Panama Canal but also any new canal constructed at the expense of our taxpayers to replace it. As to such proposition, I am sure that the Congress, which is the ultimate authority, is unalterably opposed.

Since the subjects involved in the indicated exchange of letters are of vital importance not only to the United States but also to many other countries, including Great Britain, Colombia, and Panama, I quote them as part of my remarks as follows:

FEBRUARY 5, 1970.

Hon. WILLIAM P. ROGERS,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: The Spanish language press of Panama (El Panama America, Jan. 27, 1970) has reported Assistant Secretary of State for Latin America, Charles A. Meyer, as stating that the 1967 proposed new treaties with Panama will serve as a "basis for the continuation of a process to seek permanent solutions to U.S.-Panama relations in reference to the Canal". This statement, together with many others in the Panama Press and the appointment as U.S. Ambassador to Panama of Robert M. Sayre, an active participant with Walt W. Rostow in the formulation of the proposed treaties, points to a reopening of the treaty negotiations.

The records of the Congress show that the basic Panama Canal Treaty of 1903 (Hay-Bunau-Varilla Treaty) was negotiated pursuant to an Act of Congress, approved June 28, 1902 (Spooner Act) which authorized the President to acquire "perpetual control" of what is now the U.S. Canal Zone Territory, to "construct" and to "perpetually maintain, operate and protect" the Panama Canal. In addition to the grant of exclusive sovereign rights, power and authority over the Zone, the United States obtained title to all privately owned lands and property in the territory by purchases from the individual property owners. Moreover, the title to the Panama Canal and Railroad was also recognized by Colombia, the sovereign of the Isthmus before November 3, 1903, as being "vested entirely and absolutely in the United States" (Thomson-Urrutia Treaty of 1914–22).

Article IV, Section 3, Clause 2 of the U.S. Constitution vests the power to dispose of territory and other property of the United States in the Congress (Senate and House) and not alone in the treaty making power (President and Senate). Moreover, the Congress has not authorized the disposal of any territory or other property of the United States in the Canal Zone.

Starting on October 27, 1969 (Theodore Roosevelt's Birthday) more than 100 members of the House sponsored identical resolutions in opposition to any surrender at Panama to any other government or any international organization. From many conversations with leading members of the Congress, I can assure you that the House will never give up its powers in the premises, and that acquiescence by the House will never be forthcoming. The recent negotiations have absolutely ignored these facts and have exposed proposed treaties that would be impossible of execution.

In 1923, when Secretary of State Charles Evans Hughes was faced with demands by Panama for increased sovereignty and increased sovereignty attributes over the Canal Zone, he called in the Panamanian Minister and, with a refreshing degree of candor, made this statement: "Our country would never recede from the position which it had taken * * * in 1904. This Government could not, and would not, enter into any discussion affecting its full right to deal with the Canal Zone to the entire exclusion of any sovereign rights or authority on the part of Panama (Foreign Relations, 1923, Vol. III, p. 684). It was an absolute futility for the Panamanian Government to expect any American administration, any President or any Secretary of State, ever to surrender any part of these rights which the United States had acquired under the Treaty of 1903".

In 1956, following the Suez Canal nationalization by Egypt, Secretary of State John Foster Dulles made a public statement emphasizing that the status of the Panama Canal was entirely different from that of the Suez Canal. Moreover, he issued an order to the Foreign Service prohibiting the equating of the two.

As to the contention of those who say that conditions have changed, they have—but for the worse. There is greater need now than ever for extending the Canal Zone to include the entire watershed of the Chagres River as well as the retention by the United States of all the authority granted by the 1903 Treaty. Without such retention, a power vacuum would inevitably ensue which would be filled by Soviet power, destroying the independence of Panama and other Latin countries.

How can the timid souls in your department justify their actions in the proposed surrenders at Panama?

Aside from its strategic value as an artery of transportation, the Panama Canal represents a net total investment from 1904 through June 30, 1968, of more than $5 Billion of our taxpayer's money. This, if converted into present day dollars, would be far greater. Why should your department continue to support these unrealistic and impossible treaties in the overall situation?

I am deeply interested in the future welfare of Panama itself, and I know, if I know anything, that the conditions of revolutionary instability that Panama has evidenced throughout the years show that the only way to assure that country's freedom is by the continued presence of our country on the Isthmus. The Canal Zone serves as an island of stability in a sea of turmoil, absolutely essential for the well being and independence of Panama. We must not forget Cuba.

As a long time student of Isthmian Canal policy matters, I was led to oppose vigorously the surrender policies of the previous administration of our government by my own party. I had hoped that with the change in administration a reversal might be made. My duty is first to my country and I have not been motivated by any cheap, shabby or unrealistic considerations, but because of what I believe are fully objective and patriotic reasons. Except for the presence of the United States in the Canal Zone under the terms of the workable 1903 Treaty, that country could not exist as a free nation overnight. Its stability and independence would die immediately and the cause of free institutions everywhere would be harmed. Of all times, this is the worst for the projected surrenders to be made. Besides, there is no constitutional government in Panama, and the existing revolutionary government may be overthrown at any time with resulting chaos. The contemplated surrenders by treaty under present conditions would inevitably impair constitutional governments in other Latin American countries.

Assistant Secretary Meyer's recent views have already been widely interpreted as indicating the reopening of the 1967 negotiations. Because of this, the time has come for you to make a forthright and resolute public statement along the lines of Secretaries Hughes and Dulles with the reasons therefor.

Sincerely,

DANIEL J. FLOOD,
Member of Congress.

DEPARTMENT OF STATE,
Washington, D.C., March 3, 1970.

Hon. DANIEL J. FLOOD,
House of Representatives,
Washintgon, D.C.

DEAR CONGRESSMAN FLOOD: The Secretary has asked me to reply to your letter of February 5 concerning public statements about the Panama Canal, citing in particular the remarks of Secretaries of State Charles Evans Hughes in 1923 and John Foster Dulles in 1956.

We are, as always, pleased to have your views concerning canal matters. I should point out, however, that the remarks attributed to Assistant Secretary Meyer in the recent newspaper article you mention were not made by him. Similarly, Secretary Rogers does not have plans for a public statement concerning the canal.

As you know, the question of our relationship with the Republic of Panama concerning the Panama Canal is currently under intensive review within the Executive Branch. The Atlantic Pacific Interoceanic Canal Study Commission is also nearing the completion of its broad study of the various alternatives for the trans-Isthmian passage.

Your references to past and future U.S. investment in a trans-Isthmian canal and to the relationship with the Republic of Panama which will best protect our interests there go to the heart of the questions to which these studies are addressing themselves. The Congress will of course be apprised of developments in this field. Any action which might be taken following these studies will be subject to the full constitutional processes of our Government.

If the Department of State can be of further service to you, please do not hesitate to call on us.

Sincerely yours,

H. G. TORBERT, Jr.,
Acting Assistant Secretary for Congressional Relations.

UNITED STATES CHANGING MIDEAST POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 30 minutes.

Mr. PEPPER. Mr. Speaker, on January 13, 1970, the Honorable Burnett Roth, an eminent attorney of Miami Beach, Fla., delivered a notable address on the critical subject of "United States Changing Middle East Policy" before the B'nai B'rith Luncheon Club of Miami Beach.

Mr. Roth has been a resident of Florida all of his life and my friend for almost 40 years. He is a distinguished Miami Beach attorney, and has been a member of the city council and a vice mayor of Miami Beach. Mr. Roth is active in all meaningful community organizations and has been, for many years, a national leader of the Anti-Defamation League of B'nai B'rith and a National Commissioner of the Anti-Defamation League. He is presently national vice chairman of the civil rights committee of that organization.

The B'nai B'rith Luncheon Club has been sponsored for the past 20 years by the Miami Beach Lodge of B'nai B'rith. The club meets weekly and its chairman is another eminent citizen, Mr. Gershon Miller.

I commend this able address of Mr. Roth to my colleagues and my friends and countrymen, and include it in the RECORD immediately following my remarks:

UNITED STATES CHANGING MIDEAST POLICY

Ladies and gentlemen: I am delighted to have the opportunity to appear before you again this year to discuss a subject of immediate importance on the national and international scene.

This afternoon again, a most pressing problem, is the threat of hostilities and the threat to peace in the Middle East. Some of you will recall my appearance before you late in May, 1967, when the subject discussed was "War on the Horizon," about to be initiated by the United Arab Republic (UAR). At that time, Gamal Nasser, believing himself, with support from the Communists, to be strong enough to attempt to destroy the tiny democratic state of Israel, and in his words, "drive the Jews into the seas," ordered the United Nations Occupation Forces immediately to depart from the areas assigned to them as a peace-keeping force to preserve peace in th Middle East.

Without consultation, the United Nations Secretary General, U Thant, immediately ordered the removal of the United Nations Occupation Forces, leaving the way open for Gamal Nasser to bring his troops up to the borders of Israel, to close the Straits of Tiran by assuming control of Sharm El Sheik, and to defy the civilized nations of the world. At that time the United States raised its voice in protests vs. the illegal acts on the part of Nasser, and particularly decried the closing of the Straits of Tiran to which Israel had access to the waterways of the Red Sea and the Indian Ocean. The United States government sought support from the maritime nations of the world who had pledged their integrity and support and had recognized the Straits as an international waterway to all nations.

None of the maritime nations would resist the threat of boycott of the Arabs by joining the United States. The United States could not alone bring sufficient pressure upon the UAR to desist from the closing of the Straits and the moving of its forces to the Israel borders.

The world then saw on June 6th, 1969, the beginning of war, the invasion by Nasser of Israel, which invasion was immediately rebuffed.

The world applauded, except for the Communist-Arab-Afro bloc, the heroic, unprecedented defense of the nation by the tiny state of Israel, and the victorious end of a six (6)-day war. That was the third time in twenty (20) years that Israel had had to fight to protect itself.

Since that date, as they have for the past twenty-two (22) years, Israel has sought a real peace in the Middle East. And today it is threatened by a renewal of hostilities and under such circumstances that Israel may have no ally.

We have been witnessing, unfortunately, a deterioration in the policy of the US in the Middle East. It is shocking and amazing to observe, after a lifetime of study of the Middle East, the naivete of the US State Department in their effort to appease, not just the Arabs, but the Communist Bloc itself.

This afternoon I would like to discuss the background of and the present posture of our government position, vis-a-vis, Israel. I shall not have time to go into length into the historical background. It suffices to remind you that some fifty (50) years ago the Arabs raised their big stick of terrorism to force the nations by intimidation, into reneging on promises made for the establishment of a Homeland for the Jews in Palestine.

The Balfour Declaration issued near the end of World War I by the British Government, applauded by the US and the Western powers—and even by Arab leaders—assured the Jewish people that there would be in Palestine a Homeland for Jews. When the League of Nations mandate was being considered. Arab opposition and threats of terror resulted in the British insistence that their promise not be immediately realized and a Mandate was given to Great Britain to control Palestine.

At the same time, large protions of former Turkey were divided into the States in the Middle East as we now know them. These areas had never been independent states before, were never in existence, except for Egypt, and were created by the League of Nations. Only a Jewish Palestine was not created.

When Great Britain tired of the strife in the area and insisted upon terminating the Mandate, the United Nations did finally act in 1947. Again historically, the Palestine Question 22 years ago was one of the first challenges to the authority of the United Nations.

Partition was voted, not as the Jews urged it, but the decision was accepted. The Arabs resorted to terrorism, and commenced open warfare, intimidating the UN into failing to implement their own decision.

The Five Permanent members of the Security Council met to discuss alternatives. It was at this junction that the United States initiated the proposal to set aside the Partition Resolution, and to establish a UN Trusteeship to succeed the British Mandate.

This US reversal encouraged the Arabs. They recognized that they could disregard UN rulings with impunity, a philosophy which continues until today.

The UN Partition Resolution envisioned two States; one Arab and one Jewish. The Jews were willing to accept a virtual Trusteeship over Jerusalem, and the delimiting aspects of Partition. But the Arabs were adamant, and would accept no ruling which created a Jewish State. Disregarding the November 1947 Partition approval, they vowed to, and did go to war.

Egypt occupied the Gaza strip, and Jordan annexed the Western Bank and Jerusalem, contrary to Partition provisions. The UN did not attempt any censure of these acts. However, when in 1967 the Israelis drove the occupants out of these areas which were being used as the bases for attacks against Israel, the UN censured Israel for taking land from the "former owners." In fact Egypt and Jordan were "owners" only by virtue of conquest.

It is well to remember that three times since 1947 the Arabs were defeated. Each time, too, the UN stepped in to prevent a real peace, and forced Israel into accepting an armistice or cease fire. Each time the Arabs violated the cease fire but attained the protective umbrella of the UN which chastized Israel for its effort at self defense.

Again, historically, from the November 1947 UN Resolution until May 14, 1948, when the State of Israel was born, the Arabs maintained a constant state of hostilities against the Jews.

For months after its independence, Israel was subjected to a devastating attack from all sides. But Israeli fortitude won the day. And at the Greek island of Rhodes, as agreement was hammered out with UN negotiators, Dr. Ralph Bunche, running from the Israeli conference room to the Arab conference room in "direct negotiations" between the belligerents. An unsteady peace was reached, and the Rhodes formula was established.

Since that time in 1948, the Israelis have sought to insure a lasting, final peace in the Middle East, but the Arabs have refused to recognize the existence of the State.

In 1950, recognizing the expansionist policy of the Soviet regional interests in the Middle East, the United States, England, and France joined in a tripartite pledge to keep arms balance, and to guarantee the status quo. Nasser's confiscation of the Suez Canal led to the 1956 invasion of Egypt by Britain, France and Israel. But they were forced to withdraw because of U.S. and Soviet pressures. At that time, International guarantees were announced that the Suez Canal, the Straits of Iran and the Gulf of Aqaba would be recognized as international waterways open to all nations, especially Israel.

But Russia, now unfriendly to Israel, began her massive arms shipments to the Arabs in the hope of realizing their 19th Century aim to dominate the Mediterranean. We saw France shift its position from a Pro-Israel stance to Pro-Arab. Great Britain continued to stride the fence.

The political settlement in 1957 inevitably led to the War of 1967. International commitments were meaningless. The UAR control of the Gaza, the constant day to day attacks from the Syrian Golan Heights, the Jordanian border disputes, the constant threats from the Lebanese border, the UAR threats from the Sinai and at the Straits of Tiran, all kept Israel in a state of preparedness and on a war footing, seriously hurting her economy. There could be no assurance of peace without the UN and the US bringing pressure upon the Arabs to negotiate a final peace settlement with Israel.

The US hope of winning Arab favor by forcing the Israelis to withdraw from stable defense positions in 1957 was a futile hope.

Some two years before the 1967 debacle, the U.S. recognized that the $1.7 billion in aid we had given the UAR was money down the drain, and we had not purchased any friendship. When Nasser double-crossed the U.S. in our food agreements, and shipped 40% of his rice crop to Cuba and Red China, and said "To hell with America's aid", he was already fortified with Soviet assurance of support. The Soviets fulfilled their commitments by building up arms for the Arabs, bolstered their economy and supplied personnel. Today there are thousands of Russian specialists in Egypt.

The U.S. failed to realize that Israel was

its one real ally in the Middle East. An examination of the votes in the UN itself will reflect the almost unanimity of Israel's support for U.S. positions, as distinguished from the contrary vote by the Arab-Communist-Afro bloc.

When in May, 1967, Nasser felt the time was ripe to "drive the Jews into the Sea", he ordered the United Nations to withdraw its peace-keeping troops from the borders of Israel, moved his forces up to the Israeli border, closed the International waterways at Sharm el Sheik, and the Straits of Tiran and Gulf of Aqaba were forbidden to all shipping destined to Israel, and so necessary for Israel's economy and future.

The world was silent. The Secretary General hastened with precipitate speed to withdraw the UN troops. The U.S. was unable to arouse other nations to the imminence of war and to the responsibility of nations to fulfill their commitments to Israel. So Nasser moved, and on June 6, 1967, hostilities broke out which Nasser thought would see the end of Israel.

Israel immediately literally begged Hussein of Jordan to stay out of the war, but Hussein jumped on the bandwagon he envisioned could not miss, and started shelling from Jerusalem and the West Bank, all of Israel's territory. The Syrians attacked from the Golan Heights. Only Lebanon remained silent. Other Arab nations poured their support of money and military into the belligerents to help exterminate the Jews in Israel. History will record that for the third time in twenty (20) years a tiny nation, at this time only two million strong, surrounded by a host of enemies a hundred times stronger, a David in our time, rebuffed the attackers and preserved the only democratic state in the Middle East.

Hopefully, the Israeli people cried, "You have tried War three times, why not try Peace one time?" But to no avail. Again the UN intervened in an effort to convert the victors into the vanquished.

Since the Six-Day War, 460 Israelis have been killed through hostilities; 405 along the Jordan, Egypt, Syrian and Lebanese borders, 28 others in the territories and 27 in Israel proper, with Israel crying in the wilderness for negotiations to insure Peace.

On November 22, 1967, the UN passed its Resolution urging peace in the Middle East, a Resolution which has gone unheeded by the Arabs who refuse to recognize the existence of Israel and persist in refusing to sit down to negotiate a peace, even one under the Rhodes Formula of Non-confrontation . . . which Israel is willing to accept as a kind of direct negotiation.

With the blocking of the Suez Canal in 1967, so it cannot be used for passage of ships, the economy of the UAR was affected. Not only did Russia rush to her aid, but Libya, Saudi Arabia and Kuwait began their annual subventions to the economy and war machines of Nasser and Hussein. The more than $321 million annually to bolster these machines was not increased at the Christmas, 1969 Conference of Arab leaders at Rabat, Morocco, and this reluctance to increase the subventions was almost solely responsible for the precipitate breaking up of that meeting.

Since the Six-Day War, Israel has constantly declared that it has no expansionist aims, that it is prepared to negotiate for the return of land occupied by them, that all areas of dispute . . . the Gaza strip, the West Bank of the Jordan, Jerusalem, the Syrian Border, the Sinai, the Refugee problem . . . everything is negotiable if the parties will sit down and negotiate.

It is this insistence upon a final lasting peace by direct negotiations which is the only security the world has for a resolution of the problem. But the world refuses to recognize this.

Encouraged by the deteriorating policy of the United States, bolstered by the Pro-Arab policy of the Communists, the already developed Pro-Arab Policy of France, the developing Pro-Arab policy of Great Britain, the Pro-Arab domination of the Security Council and the meaningless UN with the Arab-Communist-Afro bloc, causes the Arabs to continue to talk about the next invasion of Israel.

Communist China has for more than two years been training Syrian Palestine Liberation Organization (PLO) contingents, indoctrinating hundreds of Arab terrorists. On January 1st, 1970, Nasser told a rally in Sudan that the UAR has 500,000 men under arms and will arm a million, and with other Arabs, as one people, invade Israel. He talked of the "revolutionary alliance" with the Sudan and Libya, obtained promises of increased financial and troop support from Libya and the Sudan. On January 13, 1970 the UAR, Libya and Sudan announced plans at Cairo for economic and military consolidation. Two days before, Nasser praised Libyan revolutionaries who had ousted King Idris four months ago and directed the US to leave its bases in Libya, which will now become Communist bases.

Nasser formed a new military alliance in Tripoli two weeks ago, with assurances of meetings every four months to coordinate action against Israel in the military, political and economic fields, with Libya, Jordan, Sudan, Syria and Iraq. The next meeting is on February 8th. He keeps talking of "rivers flowing with blood and skies lit by fire" and that "a path of fire and blood" will ensue; and of aid by "our friend, the Soviet Union", in his speech reported on November 6th, 1969, in "The New York Times".

Yes, Nasser keeps calling the tune. His strategy is to create a mood of panic and crisis by escalating military action, terrorist outrages and diplomatic and economic threats, and he will continue doing so as long as the Big Four Talks continue, so long as he has any excuse for refusing to meet and negotiate a settlement.

Nasser's success encourages Lebanon to travel to the oil capitals for money to be advanced for her military purposes, to accept Soviet arms as she and Jordan seem about to do, and encourages Iraq, Libya, Algeria and Egypt to sign an oil cooperation act to "freeze Arab oil resources from foreign monopolies," as they did on January 8th, 1970.

It is time that the oil interests themselves, as well as the United States recognize the duplicity of the Arab leaders, a duplicity encouraged by the position of the UN and the United States, and by the competition of Great Britain and France to see which country can obtain Arab oil monies on the sales of military equipment.

Let us analyze the deteriorating US policy towards Israel. It is the US which has determined to seek a peaceful solution to the problem by imperialistic methods . . . that is the imposition by a foreign large power of its will upon a smaller nation. Instead of permitting the solution to be worked out by the belligerents, the US has suggested that not just the framework but the details of a settlement be set by the Four Powers . . . or perhaps just the two powers.

Israel candidly questions the moral right of the Soviet, as an active partisan, to play the role of a mediator when, in truth, it is an active partisan disputant in the Middle East and should not sit in judgment on itself. With France an espoused protagonist of the Arab cause, and Great Britain in a descending degree seeking favors from the Arabs, it is hardly likely that the Big Four Talks can be productive of Peace. Rather it has proven to be the single most important sign of encouragement to the Arabs to maintain their adamant insistence upon maintaining a state of War in the Middle East.

Over the past two years there have been some fifteen (15) proposals of the US to ameliorate the situation, and each one has been rejected, and each one has been fraught with more and more concessions and steps backward.

The "evenhandedness" being sought by the United States must not involve a complete sacrifice of the integrity and safety of the people of Israel.

As Americans we must remember that our first concern must be for the security of our Nation. What is best for the United States? And I say to you, as a student of the Middle East for more than forty (40) years, that the preservation of a Democratic State in the Middle East is of prime concern to us as Americans.

There is no dichotomy between concern for Israel and patriotism as an American. The present position of the United States, as enunciated by Secretary of State William P. Rogers, is frightening and is a diplomatic blunder which as Americans we must criticize.

Let me make it clear that I believe the mistakes being made by this Administration are not willfull mistakes but based upon a naive belief that the United States can make friends with money and other people's rights.

At the same time, we must be careful that our criticism is levelled against the United States proposals concerning the giving up of Israel's rights as distinguished from the public statements made by Secretary Rogers. The official public statements have not been released but we have cause for concern in what has leaked out concerning these proposals as evidenced by the Soviet response, Secretary Rogers' public statement and news releases.

It is one thing to consider sacrificing Israel for the purpose of advancing the cause of the United States (as distinguished from oil interests which are in a more precarious position if the U.S. continues to capitulate than if our backbone is strengthened) but the new U.S. Policy does further the cause of Communism in its expansionist policy in the Middle East.

America's interest does coincide with that of Israel. When Secretary Rogers takes away the bargaining points which are to the advantage of Israel, and capitulates in advance, then negotiations are meaningless . . . And that would be the end of democracy and friendship for the U.S. in the Middle East.

We must, in the interest of our country, oppose the present stance of our government . . . even if it means agreeing with the Israeli position.

Remember that Israel is waiting anxiously to concede on every one of the controversial issues, but the concession she insists must be hers, and given about a conference table for which there is no substitute.

President Johnson, on June 19, 1967, said, "Clearly the parties to the conflict must be the parties to the peace." And President Nixon said at the United Nations Assembly on September 18th, 1969, "We are equally convinced that peace cannot be achieved on the basis of anything less than a binding, irrevocable commitment by the parties to live together in peace."

Arab intransigence and Soviet designs have been strengthened by the efforts to impose a settlement. And when the U.S. continues to retreat from former positions, that diminishes the U.S. image and bolsters the Soviet position with the Arabs.

An examination of the several areas of dispute is important.

One critical point is the question of withdrawal of Israeli troops from positions gained as a result of the Six-Day War . . . which it won. Israel is satisfied to be placed in a position of having won the war and even losing the Peace, *provided* in the negotiations leading to a settlement a lasting Peace is assured. But to withdraw its troops before Peace is assured would be, in the words of Israeli Prime Minister Golda Meir, "Suicide", and that she insists Israel will not commit.

The United States approved the November 22nd resolution, only after the UN accepted its position that the word "the" be deleted from the proposal of withdrawal from positions held by Israel. The final Resolution urged Israel's "withdrawal of Israeli armed forces from territories (not *the* territories) occupied during the 1967 conflict." The purpose of this deletion of the word "the" was to assure that the boundaries to be set up would be "to secure, agree and recognized boundaries," not the old insecure boundaries.

This Israel has stated she is prepared to do. But today, in a change of US policy, Secretary Rogers wants a withdrawal to the 1967 lines, a complete reversal of position . . . except for the meaningless allusion by Secretary Rogers to "insubstantial alterations", in his December 9, 1969 speech.

In May 1969, the US said in delineating the Israeli-Egyptian border that the pre-armistice line was "not necessarily excluded." But in July there had been a softening to make the proposal read that the pre-war line was "not excluded as the final frontier." In the November proposals, the pre-war line is unequivocally stated as the frontier to which the pull-back should take place . . . setting the border, by December 11, 1969, specifically at the pre-war line.

Secretary Rogers' Egypt proposal was presented to the Soviets in a secret note on October 28th, 1969, publicly revealed in Rogers' December 9th speech. The Rogers-Jordanian paper given to Jordan on December 18th was made publicized on December 21st.

Actually when the US Policy Paper suggests returning Egypt's forces to the old Sinai boundary with demilitarization astride that line, Israel will be forced to give up even part of the territory in the Sinai and lower Negev it held before the Six-Day War, converting her territorial "conquest" into a defeat.

Not that the Israelis are committed to retain the land it holds. They have already indicated a desire to give back a part of the Sinai . . . a substantial part, upon assurances that her shipping rights, and they are bona fide rights to which she is entitled as a sovereign nation, are guaranteed thru the Suez.

Unhappily, the United States now is suggesting that the United Arab Republic "permit" shipping thru the Suez and Gulf of Aqaba, and that Sharm El Sheik be demilitarized. How incredible is that suggestion. Has the administration forgotten of the assurances of this identical nature obtained after the Israeli's victorious 1956 war . . . assurances so blatantly forgotten and never enforced when the UN quickly withdrew its troops in May, 1967 and Nasser cut off the international waterway.

Unfair as such a suggestion may be, unworkable as it may seem, nonetheless, it is for Israel to make this determination, which she might be prepared to make if in direct, not imposed negotiations, a real peace were achieved between the Arab States and Israel. Russia now even rejects the Rhodes formula of confrontation.

These U.S. policy papers apparently revealed that as to the Gaza Strip, Jordan was to work with Israel and Egypt on the administration of that area. Here we are involved in an area which had never been Jordanian, had never been Egyptian, but over which Egypt took control. Egypt's occupancy was never even recognized by the United Nations. This territory in the very heart of Israel, the US suggests be probably turned over to Jordan . . . another example of Jordan losing the war and then winning additional land by an imposed peace . . . a reward for losing. The US Resolution for the refugee problem envisions a Gaza freed from refugees but turned over to Jordan.

And a mention of the refugee problem raises the backs of so many Americans who just are not familiar with the manner in which refugees were initially created. The Israelis in 1948, in daily broadcasts, and statements, constantly entreated the Arabs to not leave Palestine. Israel welcomed the Arabs to remain as full citizens. But the Arab leaders, under constant threats of reprisals "when we return to the land after driving the Jews into the sea", forced the Arab people to rush out of Palestine . . . and some 550,000 of them fled and became refugees. A total now, by attrition after twenty-two (22) years, allegedly increased to over 1 million purported refugees, seventy (70) percent of whom never had set foot on Palestine soil . . . or the soil of Israel as it is presently constituted.

During the years the Arab leaders have kept these refugees in a state of degradation, refusing to allow them to become assimilated or resettled in the vast areas of the Arab nations, inflaming them and each generation of their children to a hatred of Israel, and insuring a propaganda weapon against the people of Israel. The refugees have been a fertile area for the Commandos and terrorists.

On November 12, 1969, the United Nations Relief and Works Agency, which has the responsibility of caring for the refugee camps, primarily with American money, said that Lebanese and Palestinian Commando flags fly side-to-side in fourteen (14) of the fifteen (15) refugee camps in Lebanon holding some 170,000 inhabitants. UNRWA funds have fed and trained terrorists, and the textbooks of UNESCO have been filled with hate literature against the Jews. The camps have become mobilization and training centers for guerrilla gangs paid by the UN.

The United Nations Resolution of 1948 which followed the cessation of hostilities then, did not recognize "the unconditional *right* to return" by the so-called refugees. As a matter of fact, there is no precedent in history for a mass repatriation of a hostile force. But today, in an outrageous reversal of US policy, the US government gives those who fled their homes in Palestine . . . and hundreds of thousands of others who are in refugee camps, the "right" to return. This erosion of American policy is unconscionable.

Instead of the refugee being integrated into the economic structure of the other Arab nations, instead of a "just settlement" of the refugee problem as sought even in the UN November 22, 1967 Resolution, the US has now reversed all former positions and is demanding that all persons in the refugee camps be given the free choice of going to Israel.

But does an Arab refugee really have a "free choice"? Is he not, after a lifetime, completely dominated by his Arab brothers who have kept him subjugated in a prison camp for twenty-two (22) years?

Israel has stated repeatedly it is prepared to repatriate substantial numbers of refugees of the 1948 war and assist in compensation for others. Israel has pointed out that more Jews from Arab lands have sought refuge in Israel than Arabs have sought refuge in the refugee camps and in other Arab lands. The numerical balance of refugees is in the Arabs' favor.

Does the US really contemplate that it is feasible or logical for the Israelis to willingly permit a dangerous Fifth Column, forced by Arab leaders to make the choice to return so that they can more readily dismember Israel from within? The US has suggested a Commission to handle the details of returning the Arabs to Israel . . . but can you not imagine how the Arabs would insist upon a full return of antagonistic Arabs to the borders of Israel at a rate to be determined not really by Israel, or any Commission, but by the same Arab forces which have tried to overrun Israel from without, and would now have US approval to overrunning her from within.

The solution certainly does not lie in the U.S. position today to flood Israel with a hostile force to be admitted within the boundaries by Israel. As Golda Meir has forcefully said, "This would be signing Israel's death warrant."

With the same kind of disregard for realities, the U.S. deteriorating, changing position is that the Israelis return the West Bank to Jordan. Remember that this never was part of Jordan in the Partition Resolution, or at any time. The United States used to say that peace was not feasible if the Israelis were required to return to "fragile" armistice lines. Yet now the U.S. proposes that the whole area be returned, except for "insubstantial alterations."

Transjordan, under the Hashemite Kingdom, was east of the Jordan, until the 1948 war, and part of it was annexed by Jordan. Actually, only Great Britain and Pakistan recognized the annexation. Jordan was within the borders of Israel, twelve (12) miles from Medi itself. Israel was completely vulnerable under the old armistice with the boundary weaving about her lifeline, making her an easy target and always a temptation to aggression.

But Israel has stated many times that she is prepared to give up some substantial portions of the West Bank. She has sought not "territorial aggrandizement," but insists upon "geographical boundaries" which will give her a margin of security. Israel has indicated a willingness to return the Eastern half of the West Bank which has the populated towns, but insists on retaining the rest for security reasons. And this willingness, she says, will be exemplified and carried out when the parties resolve the matters in controversy about their own peace table . . . not by an imposed peace by outside nations heavily weighed with outspoken protagonists of the Arab interests.

As for Jerusalem, here again we find a change in U.S. policy. Under the original Partition Plan Old Jerusalem was to be internationalized, a proposal which was apparently acceptable to the Israelis. But in the 1948 War, Jordan captured the old Eastern Sector and continued to occupy it by force. Jordan conducted itself outrageously, completely destroying all the ancient synagogues, Jewish shrines, and destroyed the old cemetery.

In 1967, Jordan forced Israel to fight as I have previously indicated, and Israel won the control of the old city. For the first time the holy places of all three (3) major religions were open freely to all worshippers.

President Johnson, after the Six-Day War, said on June 17, 1967, that Jerusalem should not be divided again, but that all religious and holy places should be open to all persons. Now we find a US switch in position. Our government is suggesting that Jordan be rewarded for its oppressions of the past by being given economic, religious and civic control, and a role in a United Jerusalem . . . a sort of condominium arrangement in the City administration, including the New Jerusalem which has always been part of Israel. A suggestion which envisions Israel sharing with Jordan, territory Jordan never before controlled.

At this point, there has been no suggestion from the United States as to the Golan Heights from which the Israelis suffered constant bombardment of their farmlands until the Six-Day War. Syria has never recognized even the armistice after the Six-Day War, or the November 22d UN Resolution rejected Jarring's efforts and promoted guerrilla attacks. It is difficult to predict what the US attitude on this area might be, but certainly Israel's security demands it keep the Golan Heights. Nonetheless, Israel has already conceded that it is prepared, about the conference table, to relinquish so much of former Syrian territory as has been taken, except for that which, for security reasons,

no fairminded person would expect her to surrender.

After three (3) wars, Israel can no longer be expected to accept international guarantees alone.

The future will bring peace only if the belligerents are required to negotiate that peace. As "The Miami Herald" said, editorially, on December 13, 1969, in criticizing Secretary Rogers' statement that occupation of territory formerly occupied by the Arabs . . . (and not necessarily synonymous with Arab territory) ". . . is to suggest that the June war was one of aggression. The reverse is true. Nasser and company made deliberate war on Israel. The occupied areas make Israel proper more easily defensible. And it is not Israel that is breathing fire again but the same old Nasser and company. In due time we believe most of these territories will be returned. But to equate them with a war of conquest is to equate the same motive with say, the quarter century American occupation of Okinawa. We must have face-to-face negotiations with the clear understanding of the right of each to exist."

This sets forth with clarity the Israeli position.

The face-to-face negotiations are the only answer to the cauldron which is the Middle East.

The United States can perform a worthwhile service to attain this end by insisting upon such consultations instead of watering down the formulas for a settlement. When Russia called the newest proposals "unconstructive", in spite of their far-reaching effect, the State Department spoke of the Soviet reaction as an "irresponsiveness" and called the reply "retrogressive", especially on the issue of approving the so-called Rhodes formula to arrange talks between the belligerents. Russia has completely rejected the US proposals. She could not benefit by accepting the US policy statements for a MidEast Cauldron promotes her interest, and improves her position with the Arab states.

There is no constructive purpose in the US attempting to force a settlement at this juncture since it would be easier for the US interests, and Israeli interests, to wait it out while the Russians eventually attempt to bring an end to the Arab squabbling among themselves.

Their own leaders have been chided for their failure to resolve differences. The dismal failure of the Rabat, Morocco conference is a repetition of the internal conflicts among the Arabs over the years. There may not be another full Summit Conference for awhile, in the opinion of Arab leaders, because of the inability of the Arabs to agree upon anything except a hatred for Israel. And even there we found that at Rabat the Iraquis protested that the Egyptian's proposals did not set an objective as to the destruction of Israel as a State, but rather the recovery of territories lost in the Six-Day War.

It is Libya and the Sudan which have been meeting with the UAR and allying themselves with Iraq and Syria to force a greater mobilization for the destruction of Israel . . . alliances which even weeks ago were not readily envisioned.

The fact that Rabat failed was not due to Mr. Rogers' statement, nor to the pro-Western influences of some Arab states, but rather the refusal of Kuwait and Saudi Arabia to meet Nasser's demands for additional funds for his military purposes. Does this rule out an immediate coordinated military attack against Israel . . . or will the future reflect that this has given Nasser the freedom to maneuver and initiate another war against Israel as he, the terrorists and leftists' Arab leaders dictate.

It is difficult to really prognosticate as to what will happen. We know that this month a conference in Cairo will be held with the UAR, Syria, Jordan and Iraq. Will they have persuaded Saudi Arabia and Kuwait to have joined Libya in increasing the annual $321 million subvention to Jordan and Egypt? Will the new $400 million being spent in France for the 50 Mirage jets and the 200 large tanks be used to supplement the Communists' arms in the possession of the UAR? It is well known that the increasingly militant Libya and Iraq are both receiving tremendous arms and material from France, destined as they must be for the warring nations.

France has modified its embargo originally aimed at Jordan, Syria, UAR and Israel. Now they sell to Iraq and Libya which the world recognizes are two of the most militant of the forces against Israel. Libya, with a population of 1.3 million, with only 7,700 men in their armed forces, with airmen trained in the United States, cannot possibly need for their self-protection this arsenal. No one suggests that Libya or Iraq are in the slightest degree threatened by Israel, which they consider their enemy.

Iraq, which had its armed forces on the Syrian front during the Six Day War, and presently has 14,000 troops in Jordan, was one of the nations which walked out of the Rabat conference simply because it wanted to show that it was more militant than Syria. Syria also walked out of the Conference because not sufficient time was being devoted to discussing plans for preparing for war with Israel.

The Resolution of the Khartoum Conference of Arabs in August, 1967, therefore, remains the guiding signpost of the Arabs. The Conference sought to make impossible a political settlement with Israel. It sought to intensify internal revolutionary subversion, inspired the guerrillas to increase activities, and warned against direct negotiations or a formal peace.

All of these official governmental attitudes of the Arab nations increases the determination of the terrorists. In early 1965 the guerrilla gangs were organized out of the refugee camps. Today there are more than 1700 active fighters, backed up by more than 20,000 persons, and in training as saboteurs are young children of tender years.

Their leader, Yasir Arafat, as head of the Palestine Liberation Organization is welcomed at Arab conclaves with the same dignity as the head of a State. They are supplied arms and training personnel indirectly by Russia and directly by China, and are fully cooperated with by the Syrian Government, and to a lesser degree have the cooperation of the governments of Jordan and Lebanon. This year they have demanded $19 million to carry on their frightening and wanton activities, and are receiving this quite openly from so-called responsible Arab governments.

The world has quietly witnessed, and acquiesed in terrorists' plots to kidnap Jewish citizens around the rest of the world, have watched them blow up Embassies and offices located in neutral countries. The Israelis forewarned the Greeks that the El Al airline office might be bombed. We have been silent when planes have been highjacked, or bombed in Brussels, Zurich and Athens.

The terrorists have offices located in New York City. They distribute magazines and propaganda, they utilize the 10,000 visiting Arab student members of the Organization of Arab Students, and enter into fund raising activities. They affiliate themselves with the radical left organizations such as the Students for a Democratic Society, the Black Muslims, and the Black Panthers whose leaders vigorously support the activities of El Fatah.

It is shameful to find that the Fatah government within a government functions openly in Jordan and in Lebanon. After the thirteen (13)-day war between the guerrillas and the Lebanese army, an agreement was reached between them on November 3, 1969 which guarantees and permits the guerrillas to operate openly along the Israel-Lebanese border. Such effrontery for a government of 2.2 million people, half of them Christians, with an army of over 20,000 men, to concede to 4,000 commandos the right to maintain forward bases and supply bases, to permit daily shelling of Israel.

The only prohibition against their operations in Lebanon is that their camps shall not be closer than 1,000 yards to a Lebanese town, only to reduce the possibilities of injuring residents of villages when the retaliatory raids of the Israelis take place. The guerrillas fail to observe this precaution. Such restrictions aren't even prevalent in Jordan, where there is little opposition to the Commandos.

Lebanon cannot escape its responsibility for the raids against Israel when they originate in the Lebanese territory with Lebanese approval. Yet, when Israel retaliates and takes eighteen (18) Lebanese prisoners to force the release of an Israeli watchman abducted by the guerrillas, the UN Security Council is called upon to take action against Israel rather than Lebanon and the UN observer, General Odd Bull, must intervene to obtain the release of the Israeli.

How ironic that Lebanon, which had been repeatedly warned that its connivance with the terrorists would bring retaliatory actions, should talk about complaining to the Security Council. But Arabs can complain with assurances that the Arab-Afro-Communist bloc in the Council will adopt an ineffective resolution of censure, with a few abstentions from nations without the fortitude to speak out against Lebanese or other Arab provocations. Provocations which will in the future necessitate increased retaliatory raids by Israel if it is to defend its citizens and maintain its respect in the councils of the nations.

The guerrillas and the Arab nations are heavily armed by the Russians, the Communists and with purchases from the Communist bloc, France and Great Britain. However, Israel stands defenseless because of the embargoes of France, Great Britain, Germany and apparently an embargo developing in the United States which, until now, had been determined to maintain some degree of balance, as suggested by President Johnson.

As "The Miami News" said, editorially, on December 24, 1969, "If the U.S. thinks peace can be brought to the Mideast by permitting Arabs to import Soviet and French weapons while the Israelis are put off altogether, to act on the thought would be more than 'appeasement'. It would be totally immoral selling out to oil diplomacy.

"But conscience must place a limit on the concessions we are willing to make to gain a few minor points with people whose loyalties and commitments history proves fickle."

In the midst of the concern with the changing U.S. Mideast policy is the fuss and furore over the devious device of the Israelis to acquire the five (5) gunboats manufactured for them and paid for by them before the French embargo, may have excited many persons and encouraged them, but the effect of the addition of the five (5) French-built, small boats to the Israelis, may, was of no great moment. This brings to twelve (12) the number of Israeli gunboats, adding to her four (4) submarines, her single destroyer, her one anti-aircraft frigate, her four (4) landing crafts and her nine (9) motor torpedo boats. But the UAR alone has twelve (12) Russian subs, six (6) destroyers, many escort vessels, minesweepers, Soviet missile patrol boats, thirty-one (31) motor torpedo boats . . . Israel bought her tiny Navy . . . Egypt got hers as a gift from Russia.

Israel's armed forces are small compared

to the Arabs. France alone has recently sold $800 million worth of weapons to Algeria, Iraq, Syria, Lebanon, Saudi Arabia, Morocco, Tunisia and is now entering into its contract for $400 million of planes and tanks to Libya and shipping more arms to Iraq . . . arms being shipped without any public outcry at the same time Israel got possession of its five (5) small gunboats.

With France indicating that it has reconsidered its embargo of arms to Israel, Egypt, Syria and Jordan purportedly belligerents, Foreign Minister Maurice Schumann says, "This policy varies according to the offensive character of the arms, the geographic position of the buyers, their direct participation in or not in the battles, and finally the course of the conflict itself."

Obviously, with Libya and Iraq purchasing arms in France, and both nations becoming increasingly involved in the war against Israel, France has reappraised its determination to expand its economic influence with Arab nations. This in spite of the real influence such action has in increasing the motivation of the Arabs to renew their attack against Israel.

The United States must realize that Israel's deterrent power of arms would more readily dissuade the Arabs from another reckless military attack. The U.S. must realize that the military aid we have given to Libya and other Arab nations has boomeranged. The Arabs cannot be expected to adopt a pro-Western attitude so long as the US and the Western powers capitulate to their threats. Libya leftists recently cancelled a $312 million order for an air defense system from Britain, originally intended by King Idris, who was displaced four (4) months ago. The order was given as a protection, ironically, against Egypt.

The U.S. must recognize that it should be sympathetic to Israel's needs for buying arms. Israel, since 1965, has not been able to purchase arms even from West Germany because of Arab pressure. So why has the US obviously cut off arms shipments to Israel? This is not in the interest of the U.S.

It was President Truman who assured that the US would be the first nation to recognize the integrity and existence of Israel . . . it was President Johnson, who, as Senate Majority Leader, spoke out against sanctions in 1957 when Dulles threatened to impose them . . . It was Nixon who said that the U.S. Policy had to be strengthened.

In October, 1968, during his campaign for the Presidency, Richard Nixon said it was in the US interest to support Israel. He warned that the US must support Israel and not with an exact balance of power because this policy would involve the risk that "potential aggressors might miscalculate"; instead he warned that the US must tip the balance in Israel's favor.

But by refusing to supply arms, the US has done the opposite. It had tipped the Mid-East balance against Israel at a time when the Soviets are flooding the area with arms and economic aid.

The "evenhandedness" recommended by Governor William Scranton has resulted in a weakening of Israel and a building up of the Arabs.

Candidate Nixon said, in speaking of furnishing Israel arms to have "sufficient military power to deter an attack. As long as the threat of Arab attack remains direct and imminent, sufficient power means the balance must be tipped in Israel's favor. An exact balance of power, which in any case is purely theoretical and not realistic, would run the risk that potential aggressors might miscalculate and would offer them to much of a temptation."

He went on to say that "if giving Israel a technological military margin to more than offset her hostile neighbors' numerical superiority requires phantoms," Nixon continued, "we should supply those phantom jets."

He stated that "during the past five years of active Soviet penetration, the US government has at times seemed to hide its head in the sands of the Middle East; this Administration (Johnson's) has failed to come to diplomatic grips with the scope and seriousness of the Soviet threat." He went on to state that "it is not realistic to expect Israel to surrender vital bargaining counters in the absence of a genuine peace and effective guarantees."

President Nixon has obviously forgotten his words. His Administration has buried its whole body, not just its head, in the Mideast sands. I am not prepared to believe that the position it is assuming is deliberate. For that reason, those of us who have a real understanding of the problems of the Mideast have the responsibility of warning the State Department of the dangers inherent in abandoning Israel, or adopting a stance inimical to Israel's ability to cope with the Arabs.

B'nai B'rith's International President, William Wexler, has decried the implications in the Rogers' statement, warning that it "would work to great disadvantage of American interests in that part of the world, and would seriously jeopardize Israel's security." Congressman Claude Pepper has joined other Congressmen in expressing his deep concern for the change in position, while Senator Charles E. Goodell of New York calls the new plan "dangerous to the United States."

We must "tip the balance," as suggested by President Nixon little more than a year ago to insure Israel's security. We have a chance of insuring peace in the Middle East if our policy is one of support of Israel's insistence that the belligerents themselves resolve the dispute.

Secretary Rogers is correct when he says, "We have to conduct our foreign policy in a way we think is best for our national interest."

It is the responsibility of the members of our Congress representing the people of the United States to help shape our foreign policy so that Secretary Rogers and the Nixon Administration will realize that our national interest requires renewed support for Israel, and the redevelopment of a policy which has as its purpose support for Israel while persuading the Arab leaders that their best interest lies in a confrontation with Israel around the Peace table.

Until the nations resolve their areas of disagreement, recognize each other's sovereign rights to exist peacefully, and together develop plans for the economic development of the entire Middle East with the people there living in Peace, we cannot afford to change and weaken the U.S. policy towards Israel.

PROTECT CHILDREN FROM GLUE SNIFFING

(Mrs. MINK asked and was given permission to extend her remarks at this point in the RECORD, and to include extraneous matter.)

Mrs. MINK. Mr. Speaker, I applaud the action of Congress in considering legislation directed against drug abuse. However, our actions to date have not touched on one important aspect of this problem that is of vital concern to the people of Hawaii and other States.

I refer to glue sniffing, or the wider field of inhalation of fumes from glue, paint, gasoline, and a wide variety of other products containing toxic solvents. This has been called a bigger problem in my State than marihuana, which along with heroin is the main subject of legislation currently being considered.

My bill, H.R. 12751, would protect our children from the potentially fatal dangers of glue sniffing. For the benefit of my colleagues, I insert at this point in the RECORD my testimony submitted to the House subcommittee considering drug abuse legislation during the current hearings.

The statement follows:

TESTIMONY BY REPRESENTATIVE PATSY T. MINK, BEFORE THE SUBCOMMITTEE ON PUBLIC HEALTH AND WELFARE OF THE HOUSE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE ON LEGISLATION TO PROTECT CHILDREN FROM GLUE-SNIFFING, FEBRUARY 17, 1970

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to testify in support of my bill, H.R. 12751. The purpose of this bill is to protect our children from glue-sniffing.

While H.R. 12751 is not among those formally included as subjects of these hearings, I think its provisions are worthy of consideration for inclusion in any legislation which the Subcommittee recommends to solve the overall problem of drug abuse.

Certainly, glue-sniffing is a significant aspect of the drug phenomenon of recent years which has seen a striking proportion of our young people turn to various forms of artificial stimulation. Most of the publicity seems to concern marijuana, heroin, and other substances such as LSD. Yet the deliberate inhalation of vapors from various solvents, such as those used in the manufacture of glue, is causing great damage to the health of thousands of children across our nation, and their story is not being told. It is difficult to find and apprehend children using these commonly-available substances, and it is conceivable that many who are now addicted to heroin or other drugs got their start sniffing glue in their early teens, or even before.

It may surprise some members of the Subcommittee to learn that glue-sniffing—or, really, wider area of inhalation from glue, paints, gasoline, and other solvent-containing substances—is a bigger problem in Hawaii than marijuana. It may be so in other States, as well. Members of Congress receive no letters urging "legalization" of the substances used, since they are already legal and freely available to anyone who wants them at the corner drug store or even in their own homes.

I ask the Subcommittee's permission to include in the record an article from the Honolulu, Hawaii, Advertiser newspaper of September 5, 1969, headlined, "Study Sees Glue-Sniffing As Worse Threat Than Pot". This article says, "A recent State study of teen-age drug offenders here points to paint- and glue-sniffing as the most serious aspect of the drug abuse problem and suggests the kids' choice in drugs may depend on their economic status."

"The Advertiser has learned that a survey of 223 youthful drug users conducted by Family Court consultant Dr. Christopher E. Barthel III depicts sniffing as a problem linked closely to poverty and other types of crime. Marijuana appears to be a more 'middle-class' drug, less related to other offenses."

There may be disagreement over whether glue-sniffing is a problem related to poverty areas, but if so it would seem discriminatory to draft legislation to benefit children in middle class areas where marijuana is used, and ignore the health problem posed in poverty areas by glue-sniffing.

The article goes on to describe the inhaling of vapors from paint and glue as "a far more alarming problem in Hawaii than is marijuana." It says that arrests of teenagers for drug offenses increased by more than 1,500 percent since 1964–5, with inhalants ac-

counting for 815 offenses in 1967–8 compared with only 92 for marijuana.

I think it is well-documented that solvent-sniffing is an important problem, not only in Hawaii but in many other States as well, and I urge the Subcommittee to study the national statistics during its deliberations on this subject.

There is a clear danger to health from this practice. While full information is still being sought by scientists and law enforcement officials, it is clear that many of the toxic solvents in these substances can act as poisons, resulting in permanent damage to the nervous system and liver. Large enough doses can be fatal, and some children have died as a result of glue or paint "sniffing."

Children take up this habit in search of "thrills" or "kicks". A 1962 report by the National Clearinghouse for Poison Control Centers noted that "such inhalants can cause a syndrome resembling acute alcoholic intoxication . . ." A study of young boys using these products showed that all became "drunk", "dizzy", or euphoric. "A number described vivid dreams, often in color, or hallucinations . . . There was some evidence that these feelings either could or did lead to impulsive or destructive behavior, possibly even more frequently than in persons acutely intoxicated by ethyl alcohol," the 1962 report said.

I have in my files a newspaper photograph showing a 16-year-old boy who was shot to death seconds after the picture was taken in Parville, Maryland. The caption says that the boy, who reportedly had been sniffing glue, grabbed a shotgun and threatened to kill his brother. As he ran from his house, he swung the shotgun toward a police officer and was shot by another policeman. He died a short time later—another victim of glue-sniffing.

In seeking some way to protect our children, I was struck by the misguided approach of most legislation on this subject. The glue manufacturing industry has been promoting a State law which would make it a misdemeanor to sniff glue. I understand such legislation is now on the statute books of several States. This seems to be directly opposite to the approach we are making in other areas of drug abuse, namely, to prosecute the *source* and not the victim. Why should our innocent children have to pay the price for the negligence of society in permitting free access to these substances, without any form of protection.

I believe that true protection lies in adding an obnoxious substance to these materials, so that children will not sniff them. Obviously, you cannot regulate all sales of glue, paint, and other solvent-containing materials in such way that they are prevented from getting into children's hands unless you ban them entirely.

In trying to implement my idea, I first contacted the manufacturers through the Hobby Industry Association, in New York, which represents leading manufacturers of glue used by hobbyists. I wrote to the association last May to inquire on prospects for inclusion of an obnoxious substance in glue, and was informed in reply that "The laboratories of our manufacturers are continuing research in an attempt to find an acceptable additive. Hopefully, the answer will be found at an early date."

After further correspondence the association informed me, on June 2, 1969, that "We are no more in a position to create a solution than other research bodies are able to create the answer to the existence of cancer."

On July 10, I introduced H.R. 12751, to amend the Federal Hazardous Substances Act to authorize the Secretary of Health, Education, and Welfare to ban glue and paint products containing toxic solvents from the market place. Under its provisions, the Secretary shall by regulation classify such glue or paint product as a banned hazardous substance unless the manufacturer of such glue or paint product either (1) manufactures his product without such solvent, or (2) manufactures it with a substance having an obnoxious odor.

The provisions of the Federal Hazardous Substances Act give the Secretary power to order removed from the market whatever is found to be a hazardous substance. Thus, under my bill, the manufacturers would be given full opportunity to solve the problem by the simple inclusion of an obnoxious substance, or face removal of their right to continue exposing our children to these dangers.

Five days after I introduced my bill, Testor Corporation, the nation's largest manufacturer of hobby glue, announced at a New York press conference that it had been adding a substance which would accomplish the purpose I had in mind, since May, 1968. The substance they chose was oil of mustard, which produces a stinging jolt in the nasal area when "sniffed" in large quantities as is done by glue-sniffers. The company offered to make its research findings available to any manufacturer whose products contain inhalable solvents. The products include nail polish remover, paint thinner, cleaning fluid, gasoline, and even the propellants in pressurized hair sprays, cocktail glass chillers, and the sprays that keep foods from sticking to pots and pans.

The president of Testor said, "solvent inhalation is the problem of all manufacturers whose products contain such ingredients. We are offering to these manufacturers whatever assistance we can give to help them add a deterrent to solvent-inhalation into their products too." With permission, I would like to include in the record a copy of the company's press release of July 15, 1969, announcing their additive, a background paper on this, questions and answers concerning solvent inhalation, and remarks by the company president all of which were released at the press conference.

Since a successful additive has been found, industry should have no objection to the adoption of my bill. There should be no objection of all responsible manufacturers of paint and other products containing similar solvents to a requirement that all of their products be required to contain this obnoxious additive so that our children can be protected.

Under provisions of my bill, the Secretary of Health, Education and Welfare would be able to identify the substances being used for solvent-sniffing and after giving manufacturers of them a chance to comply, take the necessary actions to force compliance. I think this is a sound approach to the glue-sniffing problem that is in the best interest of the public, our children, and legitimate manufacturers as well.

I urge the Subcommittee to give full consideration to including these provisions in whatever legislation it drafts on the subject of drug abuse.

Thank you for this opportunity to appear.

THE RECESSION BUDGET

(Mrs. MINK asked and was given permission to extend her remarks at this point in the RECORD, and to include extraneous matter.)

Mrs. MINK. Mr. Speaker, slowly, as we go over the minute detail of the mammoth budget document submitted by President Nixon to the Congress, we are discovering the extent of the slashes he has made in programs that are of vital importance to our people.

The Nixon budget, the first the President has compiled under his own administration, presents a shocking picture of retrenchment. There are wholesale and indiscriminate cuts in nearly every field, reflecting a philosophy of cancellation and retrogression.

These deep, tragic cuts are made at the expense of our people in such fields as health and education and employment. All across the broad expanse of Government activity, the emphasis is on marking time, or worse. We can only assume that the President seeks to revoke major functions of the Government as was once promised by Mr. GOLDWATER.

These wild slashes are necessary, we infer, in order that the President can maintain the tremendously high cost of the Vietnam war. Thus, our tax dollars go toward buying bombs and bullets instead of schools and hospitals.

One of the most meaningless and blind actions of Mr. Nixon's budget-cutting rampage is the proposed dismantling of the language and area studies program. This valuable program has provided "seed" money, often matched by universities at a ratio of 5–10 to 1, for the creation of 120 centers at outstanding campuses across the United States. In the decade that this effort has been sustained under title VI of the National Defense Education Act, we have trained students in the diverse cultures, politics, history, and languages of the nations of the earth. This has helped to produce the most highly educated generation of Americans in our history, a most important asset in these times of world crisis.

Our commitment at the start was $20 million in Federal funding, hardly comparable to the cost of 1 day's toll in shot-down aircraft in Vietnam. The President wants to reduce this to zero in fiscal year 1972, after which, presumably, a future administration will have to begin the expensive process of rebuilding what this one has torn down.

The President's action in eliminating the foreign language and area and international programs, in contrast to his lofty speeches on the "State of the World," eloquently demonstrates his real lack of understanding of the need for our participation in the relations with other countries which so largely shape our own destiny. The President's budget symbolizes his effort to withdraw America from international citizenship.

I predict it will not be long before our citizens realize that they are the ones being hurt by the President's reckless bludgeoning of the budget.

For the benefit of my colleagues, I insert at this point in the RECORD a letter from Stanley Spector, chairman of the East Asian Language and Area Center at Washington University in Missouri. His remarks eloquently tell the story of Mr .Nixon's blundering cut of the language and area studies budget:

WASHINGTON UNIVERSITY,
St. Louis, Mo., February 12, 1970.

HON. PATSY MINK,
Representative from Hawaii,
House Office Building,
Washington, D.C.

DEAR MRS. MINK: I know you are very much interested in the state of higher education in our country and in the continuance of programs which equip our scholars, students,

and citizens at large to cope with the problems of the contemporary world environment. Therefore, I should like to appeal to you to consider more carefully, and reconsider if necessary, the implications of the slashing of that section of the higher education budget request which deals with language and area studies. The language and area programs have been sustained for more than a decade under Title VI of the National Defense Education Act. In this period over 120 Centers were established on outstanding campuses in the United States. Intensive study of the cultures, politics, history and languages of all parts of the earth were undertaken, bringing into being the most highly educated generation of Americans in our national history. It is no luxury for this nation to train students and scholars in the diverse languages and cultures of the world. Although understandably, many citizens are unhappy or uncomfortable with our defense commitments throughout the world, it must be apparent to our national leaders and representatives that we cannot exist in this world without the most intimate relations with other nations.

I would beg you to reflect upon the implications of the environmental crisis which the President and his special Commission have recognized. Even as we attempt to improve, or rather *to save* our country from the disasters of pollution, reckless poisoning, ghettoization of the cities, etc., we must certainly be aware that most of the long-range solutions will have to come about through international cooperation, for environment and ecology are global. Mankind is about to meet its greatest challenge, and it cannot do so except on an international basis. No programs are contributing and have contributed more greatly to the ability of Americans to cooperate with their fellow inhabitants of the earth than the language and area programs. Indeed, should these programs be dismantled by reason of ill-advised and hasty "economies", it is a certainty that in the near future they will have to be painfully reinstituted at a high and unnecessary cost. It should be borne in mind that for every Federal dollar invested in the language and area programs, our universities, foundations, and communities have matched at a ratio of from 5–10 to 1. At my own University our closest estimate is that for the approximately $40,000 annual grant received by the Asian Language and Area Center, under the encouragement so offered by the United States Office of Education, the University has contributed well over $300,000 each year in accountable resources such as faculty salaries, scholarships, library acquisitions and processing services, and support of research and travel. The impact on the St. Louis Area and on the states of Illinois, Kansas, and Missouri, as well as several southeastern and southwestern states has been considerable. Consortia have been developed which have made it possible for a large number of universities in the midwest to pool resources for the international education of their students. Joint summer programs have been established; programs for overseas study have been set up in Europe and Asia; training of secondary school teachers has been accomplished; and significant and successful programs in the teaching of Chinese and Japanese at the secondary school level have been initiated and supported by the Center. Civil organizations, church groups and educational institutions on every level, as well as the news media have been the direct beneficiaries of this Center—which is only one of more than 100 in the United States.

It is most regrettable that just at the point where the greatest benefits of the language and area centers are being felt, when we have at last reached the point where we are being enabled to produce sufficient personnel to meet the needs of the new internationalized education necessary for survival in the twentieth century, at a stroke the program is threatened with annihilation. More than any pull-out of troops from various parts of the world, this would indeed seem to *symbolize American withdrawal from international citizenship* and abandonment of concern for those parts of the world which have heretofore been neglected in our concerns and in our education.

I write to you as a representative of the American people at large, as well as of your district or state, because the only hope for the rectification of a tragic error lies in your hands. I am fully sympathetic with the President's desire to achieve a balanced budget, and to trim out superfluous and outmoded programs. I fully understand that the Bureau of the Budget has accordingly found it necessary to reallocate funds and readjust priorities. But I feel it is my duty to point out to you that whatever the intention, the results of such a policy constitutes the kind of disaster which is all the more threatening because it will not manifest itself at once but result in a long-range deterioration that will eventually be felt in our State Department, in our business activities, in our military establishment, and in educational institutions of every level.

According to information I have obtained the original appropriation of $20,000,000 for such language and area and international programs was first cut to $18,000,000 and now has been cut to a $6,000,000 budget request for 1970–71, and will be cut to zero by 1972. I need not point out that such an attitude on the part of the government cannot fail to reduce the confidence of universities in international programs, and hence lead to corresponding reductions in their own allocations for such programs. Even the present rumors of the impending cuts are already producing a panic and resulting in cutbacks in employment. It is quite evident that in three years time, as a result of this misguided elimination of the NDEA title VI Program, large scale unemployment of the very people whom the program produced will occur. These people are specialists in foreign language and area fields whose skills are oriented very specifically (by terms of the Act itself) toward education and research. They cannot be absorbed in the ordinary job market or in parochial departments. That such a situation should occur at a time when the need for such people is increasing could only be attributable to a lack of sufficient consideration of this problem by the Executive Branch and by the Congress of the United States.

May I therefore urge you to investigate this matter and take any and all steps necessary to impress upon your colleagues and upon the administration, and particularly upon the Bureau of the Budget, the importance of the NDEA Title VI Centers and similar programs for international education and international exchange. As one who has been concerned with this field for almost twenty years in government, overseas, and in universities and high schools, I should like to offer my services to you and your staff at any time. I would be glad to submit further evidence or to testify at the hearings. As a member of the Midwest Panel of the Institute of International Education, of the American Association for University Professors, of the Association for Asian Studies, of the American Political Science Association, of the American Political and Social Science Association, of the International Studies Association, but especially of the American Historical Association, I shall do my utmost to persuade my colleagues in a concerted effort to bring this problem to the forefront of national attention. But the problem is urgent and immediate, and as a citizen I feel it is my duty to appeal to you to act at once. I look forward to hearing from you and to receiving your advice.

Sincerely yours,

STANLEY SPECTOR,
Chairman.

MIRV MINUTEMAN III MISSILES TO BE DEPLOYED JULY 1, 1970

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

Mr. BINGHAM. Mr. Speaker, the report in the Washington Post today that the United States will begin deploying its MIRV Minuteman III missiles on July 1, 1970, is most disturbing. Such a move would be at best ill-timed and shows a total lack of sensitivity by the military complex that bodes ill for the success of the SALT talks. At worst it could be construed as an effort to torpedo these vital talks.

Particularly shocking is the apparent fact that the decision to move forward with deployment, immediately upon completion of the testing phase, was not reviewed by the President. Surely the impact of this decision upon the SALT talks, and the possibility of postponing it, should have been given the most serious and thorough consideration. I can only hope that the President will do so now, and will quickly make clear that this deployment date is at least subject to deferment in response to any encouraging development that may occur when the SALT talks resume in April.

Even aside from the possible unfavorable impact of this move on the SALT talks, it is difficult to understand the purpose of an extensive test program if we move to deployment before a thorough and comprehensive review of the entire testing phase can be completed and studied by officials throughout the executive branch, and by the Congress. In view of the current concern over the need to limit offensive weapons, expressed by the President himself on several occasions, it seems reckless in the extreme to move with such haste from testing to deployment.

This rush to deployment might be understandable if the Soviet Union was even close to effecting a major shift in the United States-U.S.S.R. deterrent balance. Many observers will charge that the Soviet Union is doing just that by continuing to deploy its SS–9 at an alarming rate. Throughout the hearings on MIRV conducted by the National Security Policy and Scientific Developments; however, Defense Department witnesses argued that the purpose of MIRV is to counter the strategic effect of a Soviet ABM. It is not directed at Soviet MIRV's. As Dr. John S. Foster, Director of Defense Research and Engineering, said in his testimony:

> The U.S. MIRV is tied to Soviet ABM capability or a possible future ABM capability. The battle is between our MIRV and Soviet ABM, not between U.S. MIRV and Soviet MIRV.

I do not know of a single responsible official who would claim that the Soviet Union is on the verge of a significant ABM capability, nor are there any signs that the Soviets intend to push ahead

on the ABM programs they started some years ago. On the contrary, several administration officials, as reported in this morning's Washington Post, stated that the one subject that the Soviets were particularly open on and seemed especially anxious to discuss in Helsinki and hopefully in Vienna is the need to limit ABM.

If the American people fully understood the implications of the reported decision, I believe there would be a hurricane of protest. They want the arms race turned down, not escalated.

BANKERS BENEFIT?

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

Mr. PATMAN. Mr. Speaker, in the January 27, 1970, issue of the Springfield, Mo., Leader-Press, there appeared a letter to the editor from Mr. Mervin V. Blakely, commenting on the House Banking and Currency Committee's current efforts to limit the use of secret foreign bank accounts for illegal purposes.

Among other things, Mr. Blakely's letter raises some serious doubts about the administration's support in this endeavor. I am inclined to agree.

The letter follows:

[From the Springfield (Mo.) Leader-Press, Jan. 27, 1970]

BANKERS BENEFIT?

Are we again in the same old cycle of "give the public domain back to private industry"? I seem to remember "Teapot Dome" and Dixon-Yates among others. Then, under Nixon, the giveaway of uranium lands in the West. There are others.

The Administration has withdrawn its previously announced support for a House Bill (H.R. 15073) by Rep. Wright Patman of Texas, aimed at curbing the use of secret foreign bank accounts for illegal purposes. Now he, Nixon, undercuts the Swiss bank probe. The numbered bank accounts, a Congressional investigation revealed, have been used by rich Americans to dodge taxes and evade U.S. security laws; by gangsters to hide underworld gains; by foreign governments to pay off Americans for spying against the U.S. and for many illegal practices.

Robert M. Morgenthau, a Democrat who led the investigation of Swiss bank crimes, has been forced to resign as U.S. Attorney for Southern District of New York. He, Morgenthau, was forced to resign although his appointment did not expire until June 1971. Whitney N. Seymour, a Republican, has been nominated by President Nixon to succeed Morgenthau. Seymour is a law partner of William G. Dillon, a director of a Swiss bank.

One bank investigated by Morgenthau was the Manufacturers Hanover Trust Company of New York. It was allegedly used by racketeers in South Vietnam as a conduit for more than $1.5 million in black market money and kickbacks.

Seymour's law firm serves as counsel to Manufacturers Trust. Think it over.

MERVIN V. BLAKELY.

HUD ACTION RAISES INTEREST RATES AND POINTS

Mr. Speaker, last week, the Secretary of Housing and Urban Development, George Romney, appeared before the Banking and Currency Committee and once again attempted to put a good face on the administration's high-interest-rate policies.

In particular, the Secretary attempted to explain away his actions in raising the FHA–VA interest rates twice during his first year of office. At the time of the latest increase of 1 percent on December 30, administration spokesmen claimed that the action would reduce the discounts or the so-called "points" which are so burdensome on the homebuyer and the homeseller.

The truth is the points have remained high, changed little if any from the levels existing prior to the December 30 Romney interest rate increase.

Last week, the Secretary attempted to circle the issue by stating that "information available since the latest rise in the FHA–VA interest rate is too skimpy to provide an accurate reading of the results."

It is surprising that HUD's information is so skimpy. Members of Congress have received hundreds of letters from people all over the country establishing beyond any doubt that the discounts and the points have remained high following the latest increase in the FHA–VA interest rates. Letter after letter from homebuyers, homesellers, homebuilders, real estate, and financial experts, testify to this fact. Many of these letters have also gone to the Secretary of Housing and Urban Development and I am surprised that he claims that his information is "too skimpy."

Mr. Speaker, let me quote from a letter from Paterson, N.J., dated February 3, 1970:

In October 1969 a mortgage commitment was obtained by us through a mortgage company in the principal amount of $17,500.00 at an interest rate of 7½%, together with a 10½% placement fee to be paid by us as sellers. We expect this transaction to close within the next several weeks, but at an interest rate of 8½% with a mere reduction of ½ of 1% placement fee, or a 10% placement fee. It seems highly inequitable that while the interest rate has increased a full 1% per annum on a thirty year mortgage, the placement fee has only decreased by ½ of 1%.

And across the country, Anaheim, Calif., comes a letter from a real estate company stating:

Undoubtedly you are aware that lenders' discount fees (points) are the same today as they were at 7½ per cent interest in December. Most of the lenders feel points will be higher and will set new records in the very near future.

And I have received a copy of a letter addressed to Secretary Romney, dated February 2, from a New Jersey homebuilder. The letter states:

The rising of the FHA rate to the very best of my knowledge did nothing to make available additional mortgage funds. It did temporarily, for perhaps two weeks or so, reduce the number of points required by the various FHA lending institutions. However, I believe that as of this date, the number of points being charged is identical to the number of points that were charged before the first of the year.

Mr. Speaker, I also place in the RECORD letters from San Jose, Calif.; Daly City, Calif.; and Cincinnati, Ohio; which touch on this same point. These are just a few of the hundreds of letters which I have received in reference to the FHA–VA interest rate in recent weeks:

VAN VLECK REALTY,
San Jose, Calif., February 10, 1970.

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

SIR: Your current stand regarding the monetary condition of the country's economy is admirable. Many of us deeply involved in the segment of the economy dealing with housing and the funds to help our people are acutely concerned.

Possibly the area most likely to be overlooked, is the longstanding system of penalizing the home seller by forcing him to subsidize the buyer's loan. This insidious practice robs the seller of much of his equity and frequently causes him to go it alone in the market bereft of professional help and at times resulting in expensive problems.

Perhaps you and your committee could devise a method whereby funds could be made available to a buyer without robbing the seller. Seem strange that this only happens in programs (FHA–VA) designed to help provide housing for those in need. Is it possible or thinkable to consider nation-wide interest rates applicable to all investors in the housing market? Any step in the right direction would be appreciated.

Respectfully,

IVAN H. LONG,
Realtor.

STANDARD BUILDING COMPANY, INC.,
Daily City, Calif., January 19, 1970.

Hon. WRIGHT PATMAN,
Chairman of Banking and Currency Committee, House Office Building, Washington, D.C.

DEAR CONGRESSMAN: In the past few weeks several interesting facts have appeared which shed new light on the cost of financing new moderate priced homes. [The government several weeks ago acknowledged the realities of the financing picture and raised F.H.A. rates, which action should in turn have reduced "points" by one-half, from 7–8% to 3–4%. Instead the prime conventional rate was raised to 9¼% and points raised higher. Thus the desire of bankers to continue their thirst for high profits was maintained through the manipulation of the conventional rate at a high cost to the public.]

Highlighting the above paragraph are reports of record profits by major lending institutions in our area. Net profit returns ranging from a low of 19% to a high of 27% clearly indicate the fabulous gains to be made by playing the points-interest rate game.

Government has regulated business in the public interest. It is our opinion that increased government action and regulations are required to increase the permissible rate lending institutions can pay depositors, and place a ceiling on prime interest rates to eliminate the evil points system and establish a fair return rate for bank profits.

It is our hope that our views will be of value to you in developing legislation to remedy this great problem.

Very truly yours,

JAMES P. SARGEN.

CINCINNATI, OHIO,
February 9, 1970.

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

DEAR CONGRESSMAN PATMAN: As the only real friend that the little guy has in this country, I think that I should bring to your attention a matter that you are probably already aware of.

As you know, the latest rise in FHA interest rates was the biggest kick in the groin that the little man and poor person suffered since Coolidge's time. It was done for the supposedly justifiable reason of bringing fresh money into the Real Estate business. Well since that exorbitant boost in rates,

fresh money has *not* entered the housing market. FNMA is still the only lender. So is there any sane reason for keeping the rates that high? The only one that benefits by the higher rates are the Mortgage Companies who take in a slightly higher servicing fee because the total loan amount is higher.

So why not force the Administration to roll back the rates to the previous level, which by the way were still too high. They cannot legitimately use the excuse about drawing money in because it obviously did not work. A real good campaign issue could develop out of this, i.e. "it costs 20 more a month for life to buy a house under republicans than democrats". And they have the nerve to appeal to a silent majority.

Here in Ohio we have a special problem because of the Usury laws. I would write to my own representatives but young Taft probably doesn't even know about it yet and Clancy is probably too busy attending John Birch meetings.

Cordially,

JOHN A. O'CONNOR.

FIVE PERCENT INTEREST FOR THE SAVER WHO IS POOR; 7½ PERCENT INTEREST FOR THE SAVER WHO IS RICH

Mr. Speaker, last week, the Washington Post and the New York Times both reported that the Treasury had made a decision to increase the minimum denomination of Treasury bills from $1,000 to $10,000. This, of course, had the immediate effect of forcing out of the market the many small savers, including retired persons, who had been buying these issues at unprecedented levels in recent months.

For the past 2 weeks, according to the newspapers, the Federal Reserve Bank of New York has been receiving an average of 750 calls a day from individuals asking for information about Treasury bills. Demand has been particularly high at Federal Reserve Banks because these institutions impose no service charge when selling the bills. In contrast, commercial banks frequently levy a fee for obtaining bills for customers and this fee, of course, very substantially cuts down the interest yield.

Even so, investors became the mainstay of the bond market this year. Indeed, an article in Sunday's New York Times indicated that the small investor has reshaped the bond market and that, without purchases, the small decline in interest rates this year would not have been possible. Mr. Speaker, this is one more tragic consequence of the administration's high-interest rate, help-the-big-banker policy. This is one of the more blatant examples of their tendency to favor the big powerful elements at the expense of the ordinary citizen. Now they have made the small saver suffer more than ever by closing one of the few routes through which he could attempt to preserve the real value of his savings.

It is impossible to believe the Treasury's complaint that the paperwork involved in the sale of $1,000 bills was too costly. Every State in the Union sells automobile licenses at fees ranging from $10 to $50, and these State governments seem to make a profit from such modest transactions. Why in this age of computers and punchcards could not the sale of small-denomination Treasury bills be automated in the same way? Certainly the Treasury did not make any serious effort to try to standardize and reduce the selling cost of $1,000 Treasury bills. Such behavior is not all that surprising from this rich man's administration.

The materials follow:

[From the New York Times, Feb. 26, 1970]

TREASURY PUTS MINIMUM ON BILLS; SALES SMALLER THAN $10,000 HALTED TO STEM RISING ORDERS AND COSTS

(By Edwin L. Dale, Jr.)

WASHINGTON, February 25.—The Treasury announced today that it would no longer sell Treasury bills in denominations of less than $10,000.

The move was taken to stem a flood of small orders for bills. The minimum denomination has been $1,000.

Individuals will continue to be able to buy Treasury notes and bonds in denominations as little as $1,000. These have a somewhat longer term of maturity and are not as "liquid" as bills, and must be purchased in the market. But at present their market rates, following a recent dip in the bill rate, are higher than those on bills, and this has normally been the case.

Today's move had two underlying purposes:

To cut mounting costs for the Treasury in processing the small orders for bills.

To help in some moderate degree to stem the massive outflow of funds from savings institutions, which are the primary source of mortgage funds for housing.

RECORD WITHDRAWALS

The Federal Home Loan Bank board reported today that savings-and-loan associations suffered a record net withdrawal of $1.4-billion in January, as savers sought higher returns elsewhere. Meanwhile, housing construction has been plummeting.

Paul A. Volcker, Under Secretary of the Treasury for Monetary Affairs, estimated that in January and the first week of February, small orders for bills—less than $10,000—amounted to between $250-million and $500-million.

The cost of processing the paperwork—estimated at $15 to $20 for each bill, regardless of its amount—falls initially to the Federal Reserve System. But because the Federal Reserve pays 90 per cent of its earnings to the Treasury, the effect is a cost to the Treasury.

The new policy will take effect for the next bill auction, next Monday. Outstanding bills can still be bought in $1,000 denominations until they mature. The last ones will mature about a year from now.

MINIMUMS INCREASED

Last week, two Federal agencies that issue large volumes of their own securities—the Federal National Mortgage Association and the Federal Home Loan Banks—also raised their minimum denomination to $10,000.

It is only very recently that individuals in large numbers have become buyers of Treasury bills. The normal holders of the approximately $80-billion outstanding are banks and other financial institutions, corporations and institutional investors with temporarily idle funds.

Not only have the small orders added to the Government's costs, Mr. Volcker said, but also the highly sophisticated Treasury bill market "has been laboring a bit under the volume of transactions."

He said it was of great importance to the Treasury that this market function smoothly.

The actual return to an investor on a Treasury bill is often less than it seems. This is because of the increasingly common practice of banks in imposing a service charge, typically $10.

George Romney, Secretary of Housing and Treasury Development, said today, "This Treasury action could substantially improve our housing outlook."

[From the Washington Post, Feb. 26, 1970]

TREASURY BILL MINIMUM ELEVATED TO $10,000

(By Robert J. Samuelson)

In another move to aid the nation's sagging housing market, the government yesterday lifted the minimum purchase requirement for Treasury Bills from $1,000 to $10,000.

The new investment floor becomes effective with the March 2 auction.

Interest rates on the bills—short-term securities sold by the government to raise temporary cash—have run as high as 8 per cent in the last six months.

Such high rates have prompted many small savers to withdraw their deposits from savings and loan associations, the largest single source of credit for residential housing, in favor of the Treasury bills.

Homebuilders and S&L officials, backed by the government's housing experts, have long been pushing for action to restrict small savers from the Treasury bill market. In fact, most housing experts would have preferred an investment floor as high as $25,000.

At the same time, yesterday's change was taken against the recommendation of Virginia Knauer, the President's special assistant for consumer affairs. She argued that the new minimum would unfairly discriminate against small savers.

Between these opposing views, the Treasury sought to strike a "compromise," Paul A. Volcker, under secretary of the Treasury for monetary affairs, told reporters yesterday.

Although it is raising the minimum purchase requirement for bills, Volcker said, the government will maintain the $1,000 denomination for U.S. bonds and notes with maturities of more than a year.

At a press meeting yesterday, Volcker attempted to deflate the argument that Treasury bills are especially lucrative to the very small investors.

Most banks, he said, are now imposing a charge—$10 is a frequent fee—for handling and servicing the bills. When the fee is deducted from the interest payment, the investor actually receives a lower yield than he anticipated.

On a three-month, $1,000 bill at 8 per cent, for example, the return to the investor would be approximately $20, but half of that would be consumed by the bank's fee. Because the fee customarily remains fixed despite the size or maturity of a purchase, this penalty declines as the amount of the security and its length increase.

This reasoning, Volcker said, prompted the government to distinguish between short-term bills (with maturities up to a year) and the longer-term notes and bonds.

It is possible for small bill buyers to make purchases without incurring service charges by dealing directly with the 12 regional Federal Reserve Banks, which handle the marketing of the bills.

But the upsurge of small, individual buyers contacting the regional banks provided the Treasury with its other justification for raising the minimum: skyrocketing costs.

According to Volcker, a typical transaction costs the government $15 to $20. Most would-be small purchasers of bills remain ignorant of the mechanics of buying, he said.

"You have to sit down, tell them (the purchasers) how to fill out the forms, hire new clerks . . . (and) send it (the bill) out by registered mail," he said. Compared to the tiny volume of actual money received from small investors, the extra costs couldn't be justified, Volcker contended.

Just what effect the move would have on housing remained unclear yesterday.

George Romney, Secretary of the Department of Housing and Urban Development, hailed the step and said it "should substantially improve our housing outlook."

Since the beginning of 1970, some $250 to $500 million in bill purchases would have been stopped if the new requirement had

been applied, Volcker estimated. And not all these funds, he added, would have come from thrift institutions, which specialize in mortgages.

Moreover, the change comes just as the bills may be losing some of their attraction for small investors. Though market rates passed 8 per cent early this year, they have recently declined. The last auction yielded a rate of 6.975 on 6-month bills, against 6.917 the previous week.

[From the New York Times, Mar. 1, 1970]

THE INDIVIDUAL IS RESHAPING BOND MARKET

(By John H. Allan)

The small individual investor, who is getting the cold shoulder from the New York Stock Exchange and the United States Treasury, has been a mainstay of the bond market this year.

His purchases have reshaped the bond market to an important extent. Without his purchases, much of the decline in interest rates this year would not have been possible.

It remains to be seen whether his purchasing power is strong enough to fuel a continued rise in bond prices, but there is no question that the large wire houses are making a bigger effort to interest their customers in bonds.

On Tuesday morning, Feb. 17, the Michigan Bell Telephone Company sold $150-million of bonds to raise money to finance more phone facilities for its customers.

Heading into the bond sale, the investment banking concerns that deal largely with institutions calculated that the issue could be sold quickly if it were priced to yield as much as 8.65 per cent. To win the bonds, they figured they would have to bid aggressively enough to price them to yield somewhat less—say 8.60 per cent or even 8.55 per cent.

Such small differences may not mean much to the average investor, but they are large enough to make or break a bond sale. If pension fund portfolio managers decide the underwriters have gone too far, they can hang back and wait for dealers to lower their price, thus raising the yield on the bonds.

EASY WIN SEEN

On the morning of the sale, however, some of the major securities firms with large networks of offices thought they could win the bonds easily by emphasizing sales to individuals. They decided to price the bonds at terms that would give investors a yield of 8.50 per cent—lower than anything that would interest most professionals but well above the interest rates on savings accounts.

To make sure that brokers would have some incentive to let their customers know about the bonds, the investment bankers set the "spread"—the difference between what they paid for the securities and the price for investors—at $14 for each $1,000 face amount. Normally, investment bankers work for less than $10 a bond.

Stockbrokers are a breed that frequently shies away from handling bonds because the commission is much smaller than it would be if an equal amount of money were invested in common stocks.

In the Michigan Bell Telephone bond sale, however, a portion of the $14 gross profit allotted a brokerage firm was set at $8.75, and the salesman got between a quarter and a third of this. Consequently, he could earn about $50 on a $20,000 sale—not far below the $58.50 he might get on a $10,000 stock sale. This stock commission is calculated on the hypothetical sale of 500 shares of a $40 stock through a firm that gives its salesmen 30 per cent of the gross commission.

This commission on the Michigan Bell bonds, moreover, was about twice as large as the fee paid salesmen on earlier Bell System sales.

When the 8.50 per cent yield was announced, professional bond dealers who are used to dealing in $100,000 lots and larger found the rate a shocker.

"When we first saw that yield," one veteran bond trader remarked at the time, "we thought it was a dead duck."

But the underwriters sold more than $38-million of the $150-million issue the first day, even though no major institutional investors placed orders. The next day, sales continued until it became apparent to the professionals that they would have to act fast if they wanted any of the bonds. So late that Wednesday, they stepped in and cleaned up the offering.

The Michigan Bell financing points up what has become an important shift within the capital markets. Individual investors, doubtful about the outlook for common stocks at a time of decreasing corporate earnings and squeezed profit margins, are finding bonds attractive.

HIGH YIELD SOUGHT

They also have become more willing to give up the convenience and the lack of market risk in savings accounts for the higher yield on bonds. According to data published by Salomon Brothers & Hutzler, one of the biggest bond houses, individuals directly invested about $25-billion in open market debt securities last year, about 75 per cent more than in the "credit crunch" year of 1966, their previous most active year.

Compared with 1968, individuals' bond purchases were up almost threefold last year.

Purchases of open market debt securities (a term encompassing all types of bonds, debentures, notes, bills, certificates and other marketable securities that are the physical evidence of lent money) increased to $25-billion in 1969 from $9-billion in 1968.

SEARCH FOR FRIENDS

At the same time the net increase in savings deposits dropped from $29-billion to $8-billion.

The bond market seems to be one of the few investment areas where the small investor is finding any friends these days.

The New York Stock Exchange on Friday, Feb. 13, proposed changes in its commission rate structure that would raise the fees on 100-share orders an average of 68 per cent while the costs on 1,000-share purchases and sales would be reduced an average of 38 per cent.

Last Wednesday the Treasury Department in Washington announced that it would no longer sell Treasury bills in denominations of less than $10,000. The move was made to dry up the flood of small orders for bills, which up till now could be bought in $1,000 lots.

MINIMUM ESTABLISHED

The Federal National Mortgage Association and the Federal Home Loan Banks, two Government-sponsored organizations, also put a $10,000 minimum on their securities sales.

These minimums may benefit the corporate and municipal bond market. In those sectors, some issues are still sold in $1,000 lots although the trend is toward $5,000. In Pennsylvania, a recent law raising the permissible interest rate ceiling on bond sales in the state calls for some newly sold bonds to be denominated in blocks as small as $100.

These steps came not long after the Federal Reserve and the Federal Home Loan Bank Board raised ceilings on rates paid on individual savings to a maximum 5.75 per cent at commercial banks (for two-year deposits) and 7½ per cent at savings and loan associations (for $100,000 deposits for a year or more). Even with these increases, however, the rates remained below bond yields.

DISCRIMINATION SEEN

J. Charles Partee, director of the division of research and statistics of the Federal Reserve Board, was asked last week whether, in view of all these changes, the small investor was not being treated perhaps unfairly.

"I think clearly we're discriminating against the small saver, and I think it's terrible," he replied candidly. He quickly added that there was "some logic" for a differential in rates based on the size of a transaction and differences in liquidity preferences.

These differentials have far exceeded "any reasonable kind of definition that should apply," Mr. Partee asserted.

Even with these factors pushing individual investors toward corporate and local government bond purchases, however, it appears doubtful that they will remain as vital a prop to the market throughout 1970 as they were in 1969.

Last year, individuals purchased nearly half of the new corporate bonds that were marketed, and they bought 70 per cent of the tax-exempt bonds sold by cities and states and other local governments. Moreover, they more than absorbed the $11-billion of new Federal securities issued and Federal securities liquidated by the pressured banking system, according to Salomon Brothers.

AREA OF EXPANSION

This year, however, the amount of corporate bond financing is expected to increase and the relative portion to be absorbed by individuals over the entire year is projected lower than in 1969. The same is true for state and local governments.

If corporations want to build all the facilities they have projected (up till now at any rate) and if they want to restore their liquidity from the currently depleted condition, their bond sales will remain large. Similarly, local governments have large backlogs of capital financing.

To raise all this money, corporate and governmental executives will need all the financial friends they can find. Individuals who want to buy bonds will remain welcome.

THE UNIVERSITY OF UTAH,
Salt Lake City, Utah, February 27, 1970.

FRANK E. MOSS,
Senator, Senate Building,
Washington, D.C.

DEAR SENATOR MOSS: I should like to register a strong protest against the discriminatory action recently taken by Federal supervisory agencies in raising the minimum denomination of treasury bills to $10,000. Obviously, this is just another of the many recent moves designed to deprive the small investor of some of the advantages enjoyed by the more wealthy individuals.

The recent changes made in Regulation Q also were designed to accomplish the same end. At a recent dinner meeting where K. A. Randall was the featured speaker, I raised the question as to how he, the Fed. and the Comptroller could justify the changes in Regulation Q which permitted the paying of as high as 7½% interest on time certificates of deposit of $100,000 or more, while only 5–5½% to the small depositor. I further pointed out that the most vulnerable deposits in a bank are the large time C.D.'s. He admitted that my statement regarding risk was correct and that the rate differentials were difficult to justify. The only explanation given was that the changes conformed to existing patterns. This seems like a very superficial excuse.

It is realized that a few "small voices" like mine will carry little weight when meeting head on with the powerful banking lobby, but if there is anything you can do about these developments, we want you to know that your efforts will be appreciated.

Sincerely yours,

ROLAND STUCKI,
Chairman, Department of Finance.

ELKINS PARK, PA.,
February 28, 1970.

Representative WRIGHT PATMAN,
Chairman, Banking Committee,
Washington, D.C.

DEAR REPRESENTATIVE PATMAN: I'd appreciate your publicizing another move against the little man, as the enclosure would indicate.

I have been buying Treasury bills, $2000 at a time, but now I am denied this opportunity. I've been getting 7 and 8% this way; now I have to be satisfied with 5 or 6%. The rich boys, of course, are getting the higher rates, and some are apparently evading taxes by sending their funds to Swiss banks, etc.

Respectfully yours,

EDWIN PAIST STEEBLE.

(P.S.—This move was predicted in the Kiplinger Letter, but the actual fact apparently was not mentioned in the Philadelphia papers!)

BANKS DEMAND "PIECE OF THE ACTION" AS CONDITION TO LOANS

Mr. Speaker, throughout this land, lending institutions are demanding a piece of the action as a condition to making loans.

The banks and other financial institutions are literally holding up builders and other small businessmen in this tight money market. The borrowers are desperate for the funds and they are being forced to give up part of their businesses in order to obtain the necessary loan funds.

Mr. Speaker, by grabbing part of the equity in an enterprise, the banks are of course greatly increasing their yield on loans. Thus, a stated prime interest rate of 8½ percent is often total fiction. By taking part of the business enterprise, the banks are actually getting 15 percent, 20 percent, and possibly even higher percentages on loans.

Mr. Speaker, this is a practice that should be stopped. There is no excuse for such highway robbery in a free enterprise system.

Mr. Speaker, I place in the RECORD two recent articles, one from the Atlanta, Ga., Journal, and the other from the San Francisco Examiner and Chronicle, describing what is happening on these so-called "equity kickers" or "piece of the action":

[From the San Francisco Examiner and Chronicle, Feb. 15, 1970]

THE LENDING GAME: BORROWING TECHNIQUES EXPLORED

(By William Flynn)

The banker asked the big question.

"Are you a depositor?"

"No," replied the businessman.

Both knew the meaning of that word—and the nature of the game.

The banker would refuse the $5 million loan, sought for plant expansion, creating new jobs, reducing production costs, increasing earnings—all legitimate objectives of the Free Enterprise System. The banker in this fictional situation loaned only to depositors.

"Sorry," said the banker.

"So am I," said the businessman.

HIGH RATES

Thus did implementation of the Nixon Administration's tight money policy, linked to high interest rates, force cancellation, or so it seemed, of another economic enterprise? The loan refusal, in theory, contributed to curbing inflation.

The Administration's anti-inflation policy has been defined by Treasury Secretary David M. Kennedy, a former Chicago banker. He says the Administration seeks restoration of economic stability; admits the policy of monetary restraint could be "unduly harsh," but contends it will "tame" inflation.

The banker and businessman of our fictional tale are all for taming the economic beast—if the other fellow does the taming.

But the "no" was not "The End" of the story. It was merely the beginning of negotiations. The real question to be answered about the loan was:

"How much are you willing to pay for it?"

The price could be plenty if any one or several methods available were used. These, as confidentially reported to The Examiner, intrigue the financially unsophisticated. They are based on a fact of life some insiders claim is a way of life on Montgomery Street, Wall Street, LaSalle Street, and Spring Street. It is:

"Money has no loyalty. It goes to the one who pays the highest price.

The question was:

"How much was the businessman willing to pay?"

The banker and the businessman agreed on the official interest rate—9.5 percent, just 1 percent over the so-called prime rate, established by bankers, not by government edict. The 9.5 percent interest charge amounts to $475,000 a year.

The two negotiators agree on a 20 percent "compensating balance," or $1 million, to remain on deposit in the bank. Frequently, such a balance is noninterest bearing. If this is so in this case, the businessman actually pays $475,000 for $4 million. Now the interest rate is 11.875 percent, not 9.5 percent.

"But there's one more thing," softly says the money man.

"Yes," said the businessman.

"This has to be a link loan," said the banker.

"I'll try," said the businessman.

He had to find someone with $5 million to deposit in the banker's bank. He did—by agreeing to pay the $5 million depositor 3 percent for making the deposit. Now the interest rate was up to 14.875 percent.

"Enough?" he asked.

"Almost," said the banker in the hypothetical situation which is reported to occur fairly often in such high level dealings.

The businessman sighed.

"And?" he said.

PART OF PROFIT

"Ten percent of the action," said the banker, "ten percent of your net."

"That's $200,000," said the businessman, "four percent on the $5 million.

"Right," said the Money Man.

The interest rate now was up to 18.875 percent.

"I'll raise my prices 20 percent," said the businessman.

Thus, inflation raised interest rates. Increased interest rates raised prices. Higher prices increased inflation.

EQUITY VIEW: FIXED LOAN RATE "GONE FOREVER"

(By Tom Walker)

The straight commercial real estate loan for a fixed rate of interest may be gone forever, the president of New England Life Insurance Co. believes.

And the reason, says Abram T. Collier of Boston, is the fact that the major life insurance companies—perhaps the primary source of long-term real estate mony—have found "equity financing" to their liking.

Equity financing is sometimes referred to as giving the lender "a piece of the action." This means that a real estate developer, in order to get the big loan he needs to pay for his shopping center or apartment complex, agrees to take the lender in as a part owner.

Another form of equity financing is to give the lender a certain portion of the annual gross income which is generated by the real estate project, whether it is a retail, residential, commercial, office or industrial development.

In the old days, a real estate developer who needed a million dollars could get a loan for a fixed interest rate which would be paid back to the lender over a 20-year term, for example. This meant his monthly, quarterly or annual payments were the same in the 19th years as they were in the first year of the loan repayment schedule.

In the meantime, however, inflation had cut the purchasing power of the dollar so that the lender was actually getting less value in the 19th year than he was in the first year, even though the number of dollars remained the same.

To get around this dilemma, lenders have in the last few years—the last two in particular—insisted that, as a condition for making a long-term loan to a developer, the developer or owner must agree to take the lender in as a virtual partner. That way, the amount of loan repayment will fluctuate with changing economic conditions, so that the repayment schedule will, in effect, rise along with inflation.

But what if the federal government is successful in putting the brakes on inflation? If this should occur, will the big lenders go back to the old way?

Collier doesn't think so. "Once burned, always shy," he said of the attitude of the insurance industry (not to mention the pension funds and banks and other sources of long-term lending).

"Equity lending will continue even if inflation is controlled," he said.

Two-thirds of New England Life's mortgage loans committed in 1969 required some form of equity participation, Collier said during an Atlanta interview.

The long-term lenders are going to be eager to have what he termed "convertible bonds or extendable bonds." This means, for example, that a loan would be made for five years only, but with a clause allowing it to be extended at a renegotiated interest rate to protect the lender against inflationary trends.

New England Life holds a number of Atlanta mortgages, including shopping centers and a ghetto housing development that is part of the company's commitment to the life insurance industry's "billion dollar" program of urban redevelopment.

What are the trends of the life insurance industry? For one thing, Collier said, the industry is broadening its scope into such things as investment counseling. Through the acquisition of another company, New England Life now has the largest investment counseling operation in the industry, he said.

"What we're doing is covering the waterfront, so to speak, as far as the accumulation and management of capital, and in the long-range building of capital investment," Collier said.

Touching on another trend which Collier said is not necessarily favorable from the policyholder's standpoint, the company president said more and more people have been borrowing against their life insurance policies because of tight money conditions elsewhere in the money market.

Some borrow money to meet everyday or unexpected expenses. Others borrow on their policies in order to reinvest the money in other forms of securities which they believe will return greater yields.

This isn't necessarily the case, Collier said. By the time the policyholder pays income tax on his new investment income, and takes other factors into account, he isn't making that much more than he would have by leaving his life insurance policy alone.

BIG BANK PROFITS RISE AGAIN

Mr. Speaker, during the past year, the Nation's press and airwaves have been filled with stories of the big banks' "courageous" fight against inflation.

Now that the 1969 earnings figures are in, it is clearly apparent that this fight against inflation was highly profitable for most banks.

The 1969 net income figures are even more startling when the new accounting methods imposed during the year are taken into consideration. In most cases, the new accounting procedures, adopted to meet bank regulations, actually minimize the 1969 profit figures.

Mr. Speaker, this list shows that Bank of America, the Nation's largest banking institution, had a 15-percent increase in the net income per share in 1969 as compared with 1968. And scattered through the profit figures for the 50 largest banks are increases of 25 percent, 46 percent, and even up to 62 percent. It should also be kept in mind that these profit percentages are increases over already swollen profits reported for the year 1968. Only three of the top 50 banks showed any type of decline from 1968—a year of record profits for most of these banks.

Mr. Speaker, I place in the RECORD a table describing the 1969 profit figures for the 50 largest commercial banks:

NET INCOME PER SHARE, 1969, COMPARED WITH 1968, FOR THE 50 LARGEST U.S. BANKS (RANKED BY DEPOSIT SIZE)

Deposit rank	Name of bank	Net income per share, 1969	Net income per share, 1968	Percent change
1	Bank of America NT&SA (San Francisco, Calif.)	$4.43	$3.87	+15
2	First National City Bank (New York City)	4.41	4.08	+8
3	Chase Manhattan Bank, N.A. (New York City)	2.93	3.12	[1] −6.3
4	Manufacturers Hanover Trust (New York City)	4.93	4.70	+4.7
5	Morgan Guaranty Trust Co. (New York City)	1.24	1.08	[2] +15
6	Chemical Bank New York Trust (New York City)	4.47	----------	[3] +5.0
7	Bankers Trust Co. (New York City)	4.80	5.55	[4] −13.0
8	Continental-Illinois National (Chicago)	2.78	2.73	+1.8
9	First National Bank of Chicago	5.84	4.05	+44.5
10	Security Pacific National Bank (Los Angeles)	3.32	2.87	[5] +15.0
11	Irving Trust Co. (New York City)	3.35	2.82	+18.8
12	Wells Fargo Bank, N.A. (San Francisco, Calif.)	3.50	3.27	+7.0
13	Crocker-Citizens National Bank (San Francisco)	3.03	2.40	+26.0
14	United California Bank (Los Angeles)	4.76	3.27	+45.98
15	Mellon National Bank & Trust (Pittsburgh)	4.24	3.75	+13.0
16	National Bank of Detroit	7.08	5.63	[5] +25.0
17	First National Bank of Boston	5.75	5.38	+6.9
18	Marine Midland Grace Trust Co. (New York City)	6.19	5.80	+6.7
19	1st Pennsylvania Bank & Trust Co. (Philadelphia)	4.39	3.27	+34.0
20	Cleveland Trust Co.	10.06	8.24	+22.1
21	Franklin National Bank (Mineola, N.Y.)	3.89	3.09	+25.0
22	Detroit Bank & Trust	7.53	5.56	+35.0
23	Philadelphia National Bank	3.28	2.83	+15.0
24	Manufacturers National Bank of Detroit	6.85	5.11	+35.0
25	Seattle-First National Bank	4.24	3.31	+28.0
26	Union Bank, Los Angeles	3.55	3.01	+17.0
27	Girard Trust Bank of Philadelphia	6.21	5.25	+18.0
28	First National Bank of Portland, Oreg.	2.61	2.25	[5] +16.0
29	Bank of New York	4.81	3.89	[4] +23.0
30	Republic National Bank, Dallas	1.65	1.50	+10.0
31	Bank of California, N.A. (San Francisco, Calif.)	3.70	3.24	[5] +14.0
32	Pittsburgh National Bank	5.93	5.08	+16.7
33	Northern Trust Co., Chicago	8.05	6.81	[4] +18.0
34	U.S. National Bank of Oreg. (Portland)	3.08	2.67	[5] +15.0
35	National Bank of North America (Jamaica, N.Y.)	3.16	2.24	+41.0
36	Valley National Bank (Phoenix, Ariz.)	1.56	.96	+62.0
37	First National Bank of Dallas	3.02	2.65	+13.9
38	Harris Trust & Savings Bank (Chicago)	6.53	5.92	[5] +10.0
39	Wachovia Bank & Trust Co., N.A. (Winston-Salem, N.C.)	3.02	2.50	+20.0
40	Citizens & Southern National Bank, (Savannah, Ga)	2.72	2.34	+16.0
41	Fidelity Bank of Philadelphia	2.57	2.78	−7.0
42	National City Bank of Cleveland	4.57	3.89	+17.0
43	Marine Midland Trust Co. of Western New York (Buffalo)	3.70	2.78	+33.1
44	National Bank of Commerce (Seattle)	----------	----------	[6] +14.0
45	1st Wisconsin National Bank (Milwaukee)	9.67	7.72	+25.3
46	Bank of the Commonwealth (Detroit)	4.13	3.17	[4] +30
47	North Carolina National Bank (Charlotte)	1.69	1.21	+39.0
48	Michigan National Bank, Lansing	----------	----------	[7] +5.0
49	1st City National Bank (Houston)	----------	----------	[7] +8.0
50	Central National Bank of Cleveland	4.33	4.01	+7.9

[1] The 1969 net income figures are based on new accounting procedures prescribed by regulatory authorities. If the old accounting method had been used, Chase said its 1969 operating net would have been $122,500,000, up 2.5 percent from 1968.
[2] Figures represent net operating earnings per share from 4th quarters of 1968 and 1969.
[3] On the recommendation of their accountants, Chemical declined to restate 1968 figures. If computed on old net operating earnings basis, 1969 would have represented a 5.1 percent increase.
[4] Represents net operating earnings per share.
[5] Represents net operating income per share.
[6] Represents increase in consolidated net income; no breakdown per share available.
[7] Represents gain in surplus and undivided profits; no breakdown per share available.

STATEMENT OF WRIGHT PATMAN ON PRIVATELY CONTROLLED, TAX-EXEMPT FOUNDATIONS AND CHARITABLE TRUSTS

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

Mr. PATMAN. Mr. Speaker, today I would like to unfold another chapter in the continuing story of privately controlled, tax-exempt foundations.

As we look upon our great country today, we can see the big corporations, the big banks, and the privately controlled, tax-exempt foundations closing their hold on the economic windpipe of America.

The average American citizen is overburdened with taxes and unable to obtain mortgage money, even at the present high interest rates, to buy a home. The small businessman is hamstrung by his inability to obtain a loan and is fighting against tax-exempt business.

We have the highest interest rates in our history, the greatest concentration in our history of economic and business power in the hands of the big banks and the conglomerates. Privately controlled, tax-exempt foundations and charitable trusts add a further dimension to our problems. Tax exemption places an additional burden on the taxpayer who must pay from his pocket what the tax-exempts do not pay, or what is lost through tax-deductible contributions to such organizations.

In 1962, in the original report of the Subcommittee on Foundations, which I as chairman issued, I pointed out that for the 10-year period from 1951 to 1960, almost $7 billion in receipts of 534 foundations had escaped taxation. In the 1 year, 1951, these receipts had amounted to $554 million, but by 1967, one and a quarter billion dollars in receipts of 647 foundations were being siphoned off, in that 1 year alone, from the taxable income of this Nation. From 1961 to 1967—a 7-year period—receipts totaled $8.7 billion or 25 percent more than for the preceding 10 years from 1951–1960.

On an accumulated basis from 1951 to 1967, almost $15.7 billion had been received by such organizations. Of this $15.7 billion, a little less than half, or $7.3 billion, came from such sources as business income, interest, dividends, rents, and royalties. Over half of the balance, or $4.1 billion, came from capital gains on the sale of assets and the remainder, $4.3 billion from contributions, gifts, and grants.

It is clear that foundation-controlled businesses are competing with tax-free dollars against the average businessman who is at a disadvantage because of his tax-paying requirements. Further, it is obvious that there is a great deal of speculative activity in the securities field—note the capital gains. Our latest report shows that 154 of 647 foundations or almost 25 percent held sizable amounts of stock, from 5 to 100 percent, in 313 corporations. At the close of 1967, the carrying value of these shares was $2.7 billion with an estimated market value of $6.2 million. These holdings have a powerful influence on control situations, in the marketplace and in proxy solicitations.

When we take a look at the market value of total corporate stockholdings by these foundations, we find that their holdings amount to the staggering sum of $13.1 billion, or almost 80 percent higher than the holdings at the end of 1960. In a similar vein, these foundations had total assets at market value at the end of 1967 of $17.8 billion as compared to some $10.2 billion at the end of 1960, an increase of almost 75 percent. To place this in perspective, the $17.8 billion valuation is half as much again as the $11.8 billion of the capital stock, surplus, undivided profits, and contingency reserves of the 50 largest banks in the United States.

What have these foundations done with these tax-free dollars? In the years 1951 through 1967, these foundations disbursed $9.9 billion of which $1.9 bil-

lion, or almost 20 percent was paid out for expenses, and $8 billion was distributed for contributions, gifts, and grants. In other words, it cost the foundations $25 in expenses for every $100 of contributions, gifts, and grants made. However, this is an overall figure. For 1967, it cost the foundations $33 in expenses—$253 million—for every dollar in contributions, gifts, and grants made—$754 million. Further, the $8 billion in contributions, gifts, and grants represent only about one-half of the receipts for this period.

Privately controlled, tax-exempt foundations and charitable trusts are established to distribute their tax-free dollars for the worthy purposes for which tax-exemption status was granted. Has this been done? No, indeed. As of the close of 1967, the accumulated—unspent—income exceeded $2 billion as compared to $367 million at the end of 1951, or an increase of almost 500 percent with no signs that such accumulations are at an end.

When we consider that this incredible tale covers only 647 of some 30,000 foundations, the tremendous impact can only begin to be realized.

The Internal Revenue Service and the Treasury Department have admittedly been extremely lax in their surveillance of these organizations. It took them years to supply the Subcommittee on Foundations study with a listing of these organizations. Shortly, thereafter, a large number of corrections were made. The Treasury Department has proven itself unable to exercise the close supervision and control over these organizations for which the average taxpayer and the small businessman of this country are crying aloud.

We have built a Frankenstein monster, which together with high interest rates, the big greedy banks and conglomerates will continue to choke economically our average taxpayer and small businessman. We cannot let this happen. We must take action now.

In 1962, I made a number of specific recommendations on this subject, based on the abuses which were uncovered. They are as applicable today as they were then.

I am, therefore, introducing legislation to control and supervise these organizations. Your support is solicited for the consideration and speedy action on this legislation to cure this ever-growing problem.

THE PROBLEMS OF HIGH INTEREST RATES DISCUSSED AT NATIONAL GOVERNORS CONFERENCE

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

Mr. PATMAN. Mr. Speaker, last week, the Committee on Rural and Urban Development of the National Governors Conference met with several members of the Agriculture and Banking and Currency Committees of the House of Representatives.

This meeting provided for a valuable exchange of ideas and information between the Governors and the Congressmen on a wide range of urban and rural problems. The National Governors Conference is to be commended for setting up this committee and I hope that we can continue to exchange information between these committees of the House on problems of mutual importance to the States and the Federal Government.

The Committee on Rural and Urban Development of the National Governors Conference is composed of the following members:

The Honorable John Dempsey, Connecticut, chairman; the Honorable Norbert T. Tiemann, Nebraska, vice chairman; the Honorable Albert P. Brewer, Alabama; the Honorable Richard B. Ogilvie, Illinois; the Honorable William G. Milliken, Michigan; the Honorable Robert W. Scott, North Carolina; the Honorable James A. Rhodes, Ohio; the Honorable Frank L. Farrar, South Dakota; and the Honorable Preston Smith, Texas.

During the session last week, I discussed the problems being created for local and State governments by the current high-interest, tight-money policies.

Every State represented at this meeting faces more or less the same range of development needs.

I doubt that there is a single Governor in the Nation who does not need more schools, better pollution control programs, more roads, better water and sewage facilities, expanded parks and recreational facilities, and like projects.

And all of these needs require one great big factor—financing. And there is nothing that is in shorter supply today than financing at reasonable interest rates.

Mr. Speaker, there is not a single State or local community that will be able for long to meet its needs—the public's needs—without new sources of low-cost, large-scale credit. As we know all too well, the ability to finance worthwhile public projects at the State and local level is rapidly disappearing in today's high-interest, tight-money economy. Thousands of projects are being abandoned or postponed indefinitely because of a single factor—high interest rates.

And the States and localities that are able to meet the demands of the money lenders are wasting billions of dollars in unnecessary, usurious interest payments. These fantastic interest charges are not building a single schoolhouse nor a mile of highway. They are simply lining the money lender's pocket.

Today, if a State or local community decides to build a million-dollar public facility, it must also put up another million dollars or million and a half dollars to pay the interest. In other words, a dollar's worth of spending for public needs requires at least another dollar for interest.

Leaving the morals of such a situation aside, this represents a fantastic waste of tax money—of the people's money. And many people, already burdened by high taxes at all levels of government, are resisting the idea of paying these record high interest charges on bond issues. In some localities, the tax base simply will not carry this kind of interest rate burden.

Since this new administration took office, there has been a 44-percent increase in the yields on triple A State and local bonds—a 44-percent increase in 12 months and the rates are still going up. Today, the yields on the very best tax-exempt local and State bonds are in excess of 6½ percent. And if a State or a city happens not to have a triple A credit rating, it may well pay up to 7½ percent on a tax-exempt issue.

This situation is becoming one of the greatest threats to State and local governments throughout this Nation. It is nothing short of disastrous.

I am convinced that we must have a new source of credit—big credit—that will meet the needs of local and State governments under all conditions. A source that does not depend solely upon a handful of big banks and other money lenders.

In an effort to provide this kind of financing, last November I introduced a bill—H.R. 14639—which would create a National Development Bank. This bill would create a bank with the potential to make direct loans, as well as guarantee loans made by conventional lending institutions; to finance low- and moderate-income housing, public facilities, employment opportunities; and similar public activity.

It would be initially capitalized with $1 billion in stock subscribed by the Federal Government, have a debt limit of 20 times that amount, and make or guarantee loans at 6 percent interest. To some extent, the bank is patterned after the Reconstruction Finance Corp., which performed so well to bolster the Nation's economy and help the people during the 1930's and 1940's.

Specifically, the bank will make or guarantee loans for:

Housing under the insured and guaranteed low- and moderate-income housing programs of the Department of Housing and Urban Development, the Veterans' Administration, and the Farmers Home Administration;

Public facilities to meet social, health, education, transportation, and other needs in depressed urban and rural areas;

Improvement, expansion, and establishment of businesses and industries providing employment opportunities at adequate wage rates for unemployed and underemployed persons;

Supporting public facilities required by businesses and industries; and

Promoting private investment in such projects and facilities.

It is my belief that this bill not only will help to provide urgently needed resources for depressed urban and rural areas, but will show the way for the administration and the private sector to truly respond to the needs of the people by making available adequate funds at reasonable rates.

We cannot house the people without building houses. We cannot educate them without building schools. We cannot have employment opportunities unless business and industries can obtain the capital they need at reasonable prices. This bill will help to do these things. It is a beginning.

Of course, much more needs to be done than the establishment of a National Development Bank. Basically, we need to bring about a stable economy and a rollback of interest rates to rea-

sonable levels that the people as well as local, State, and the Federal Government can afford. Nothing would aid the health of State governments more than an immediate rollback in interest rates. And this is something that could be accomplished overnight if the President and the administration acted in the public interest.

Unfortunately, too many in this administration are still running around talking about high interest rates as a means of fighting inflation. This is backward logic that makes no sense—common, book, or horse. The raising of interest rates, contrary to the bank economists' propaganda, pushes up the price of everything in the economy.

Every item on the shelves of the grocery store reflects an interest rate increase.

Demands for higher wages reflect the cost of higher interest rates.

Higher interest rates unbalance every budget, from the housewife's to the Federal Government's.

Higher interest costs force local and State governments to seek new taxes.

Higher interest rates fuel inflation. The idea of fighting inflation with high interest rates is as illogical as using gasoline to put out a fire.

Mr. Speaker, I urged these Governors to use their great influence to help bring about a rollback of interest rates and a return to a stable economy. Then and only then can we get on with the real job of developing our rural and urban areas.

NEED FOR BANK SECRECY LEGISLATION

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

Mr. PATMAN. Mr. Speaker, the House Committee on Banking and Currency is holding hearings on legislation designed to limit the use of foreign secret bank accounts by American citizens for illegal and improper purposes. As these hearings continue, the need and urgency for such legislation is becoming more and more apparent.

It is appalling how the honest American taxpayer is being forced to support a luxury that enables members of organized crime, tax evaders, black-marketeers, stock manipulators, war profiteers, and agents of unfriendly foreign countries to operate outside our laws without detection.

Since our hearings began, there have been numerous newspaper accounts relating some of the instances where the unscrupulous have hidden behind the veil of secrecy afforded by these accounts.

Some of these newspaper articles follow:

[From the New York Times, Sunday, Nov. 30, 1969]

SWISS ACCOUNTS TEMPT SOME AMERICANS TO CHEAT

(By Neil Sheehan)

WASHINGTON.—More and more affluent Americans are discovering that the silence of a Swiss bank vault can be golden.

Under the certified secrecy of a Swiss account, many are cheating the tax collector and committing other felonies, such as illegal trading in stocks and bonds through Swiss banks.

The crimes are those of the rich. They are beyond the reach of the average citizen, even if he were tempted. The stock manipulations require large sums of money and the tax evasion schemes are impossible for a man whose income taxes are taken out of his pay check every week.

"The use of secret foreign bank accounts has become a national scandal," Representative Wright Patman, chairman of the House Banking and Currency Committee, says. Mr. Patman, a harrier of domestic and international bankers, intends to begin a full-scale committee investigation on Dec. 4.

The framework for the hearings will be a bill Mr. Patman, a Texas Democrat, is submitting that seeks to curb Swiss bank crime. The bill, would among other provisions, make it illegal for an American citizen or corporation to have a secret foreign bank account unless all transactions were reported annually to the Treasury. Violators would incur serious criminal and civil penalties.

The scope of the use of the secrecy provided by Swiss bank accounts for Americans wishing to make illegal financial gains has been disclosed in a two-month investigation by The New York Times among Federal law enforcement agencies, economists familiar with the operations, knowledgeable Swiss sources, and the records of many court cases.

NO COUNTERPART LAWS

Swiss legal authorities need not cooperate with the United States in apprehending violators of American tax and stock and bond trading laws because there are no counterpart statutes in Swiss penal codes. Tax frauds here are not considered crimes in Switzerland. Securities trading laws do not exist there, so no crime has occurred as far as the Swiss are concerned.

Most American Federal mail frauds, another source of American prosecutions in this area, are also nonexistent in Switzerland. A Swiss banker who helps an American client break these American laws thus breeches none of his own.

The Swiss banks generally have an outstanding reputation in the international financial community for stability and ethical standards. There is no evidence of widespread wrong-doing involved in the vast bulk of the business these banks do in the United States.

Prosperity, sophistication, the ease of travel in the jet age; the revolution in intercontinental telephone and teletype communications, and the growing size and complexity of the American economy and Wall Street finance—all are encouraging the special form of affluent criminality by way of Swiss banks.

The Mafia were among the first Americans to take up the Swiss device to bleach so-called "black money" from numbers, bookmaking and narcotics rackets, and undeclared profits "skimmed" off Las Vegas casinos, into "white money" for reinvestment in pseudolegitimate business.

The mobsters are still having their laundry done in Switzerland, but they are now a minority of American clients of Swiss banks. Hardly a week passes without some mention of a Swiss bank in the news columns—in a corporate merger fight, and bankruptcy proceeding where the bankrupt is apparently not as penniless as he claims, or a divorce case in which one of the partners accuses the other of sheltering money under the Matterhorn.

SECURITY IN ALPS

Some Americans not ordinarily thought to be affluent, Army sergeants, have also discovered the security of Alpine vaults. Army Sergeant Major William O. Wooldridge allegedly funneled $362,000 derived from military service club corruption into a Swiss account code named "Fish Head."

And a Federal prosecution in Washington this fall showed that Swiss banks were offering their services for crimes far more serious than slot-machine rakeoffs by Army sergeants or even widespread tax and securities violations.

With the active participation of two Swiss banks, one of them the Union Bank, the largest in Switzerland, two Americans committed the biggest theft from the public treasury since Billy Sol Estes bilked the Department of Agriculture out of millions around the turn of the decade with a mirage of liquid fertilizer tanks.

The two defrauded the Navy of $4.6-million on contracts to manufacture rocket launchers. Union Bank helped them smuggle another $500,000 worth of munitions to Europe, Latin America and possibly the Middle East. Then there were the garden variety offenses like opening accounts for Mafia bosses, evading taxes on other millions and wholesale disregard of securities laws.

BOTH PLEADED GUILTY

The details have not been made public because both men pleaded guilty to fraud charges last October, averting the publicity of a trial and thereby hoping to gain a light sentence.

They are Francis N. Rosenbaum, a wealthy Washington lawyer with solid social and political connections, and his partner, Andrew L. Stone, a multimillionaire St. Louis furniture and munitions maker.

The Navy was defrauded of the $4.6-million with fictitious bills that both men obtained from the banks for imaginary raw materials and electrical components on the stationery of dummy companies.

Revealed in the evidence amassed by an assistant United States attorney, Seymour Glanzer, and his aides, Robert Ogren and John Risher, was a machinery of subterfuge that Swiss bankers have invented over the years to make corporate thievery by their clients.

There were the sham Liechtenstein and Swiss corporations whose assets are a desk drawer filled with letterheads and invoices: bankers, lawyers and accountants who will pose as anyone and sign anything for a commission; high speed automatic printer to shift dollars from one paper corporation to another; legal fictions to salve the conscience, and an attitude that anything goes as long as it looks legitimate on paper and reaps money.

The two Swiss banks fought the investigation doggedly.

Mr. Glanzer and other investigators found the banks unconcerned about what laws their clients were breaking, anxious only to protect bank secrecy. When the fraud was initially discovered, one bank even provided Messrs. Rosenbaum and Stone with spurious letters and other documents to attempt to deceive the Justice Department and the Federal Bureau of Investigation. The other bank kept silence at the instruction of its clients.

Fictitious invoices, Mr. Glanzer learned, are a standard service that Swiss banks, for a commission, offer clients. Rosenbaum was discovered to have arranged similar siphoning operations with the banks for other businessmen, including the senior vice president of one of the 25 largest corporations in the United States.

The evidence revealed that Rosenbaum was an intermediary for corruption that went considerably beyond himself and Stone. Federal investigators are now in the process of following trails that were uncovered.

SECRECY IS BROKEN

Swiss bank secrecy was officially broken for the first time in this case.

Although the banks exert great political influence in Switzerland, many Swiss federal and cantonal legal authorities do not share the see-no-evil, hear-no-evil attitude of their bankers toward crimes like forgery and outright fraud. The Federal Government and cantonal prosecutors intervened and brought court action that forced the banks to surrender the records to the Justice Department. In return, the United States promised not to use the documents for tax and related prosecutions.

And Swiss bankers have no intention of telling or of halting the use of their banks. Bank secrecy is embedded in Swiss laws that make it a criminal offense for any officer or employe of a bank to disclose information or even for outsiders to seek it. This certified silence and Swiss political stability and neutrality in the midst of a troubled world have made the handling of other people's money the Swiss national industry.

FINANCIAL CAPITAL

They have transformed a small, landlocked country, with almost no natural resources and a gross national product one-fiftieth that of the United States, into a financial capital that ranks just below New York and London. Swiss bankers, for example, control about 25 per cent of the $30-billion Euro-Dollar Pool.

A single case prosecuted in New York last summer illustrates the volume of money that flows through Swiss bank crime. Coggeshall & Hicks, a small but old-line New York brokerage firm, illegally traded $20-million in stocks and bonds over a five-year period through one Swiss institution, the Arzi Bank of Zurich. Two other brokerage houses were discovered doing an equally brisk business with the same bank.

The brokerage firms and the bank were violating a United States securities trading law known as the margin requirement. This law makes it a felony for a stock exchange broker and prior intermediaries to extend credit for the purchase of stock beyond a specified percentage of the market value. This credit limit is set at various levels by the Federal Reserve Board but usually is kept in the neighborhood of 20 per cent of value. The law was passed in 1934 to prevent the kind of panic selling in a falling market that helped bring on the 1929 crash.

BIG CREDIT GIVEN

In this instance the Swiss bank, with the connivance of the brokerage firms and favored customers, was giving customers an average of 80 per cent and sometimes 90 per cent credit. A customer with $10,000 could thus purchase $100,000 worth of stock, instead of the legal $12,500.

The brokerage firms had arranged for these customers to open accounts with the bank that were carried on the trading records in New York as numbered subaccounts under the general account of the bank. When he wanted to buy or sell stock, the customer simply telephoned his broker and gave his order through a system of code words.

The buy or sell orders would then be placed for the numbered subaccounts of the Swiss bank and the customer's name would never appear on any of the transactions. The system also enabled customers to evade capital gains taxes on their profits.

The bank profited handsomely by charging interest rates of 10 to 12 per cent on the credit extended. Since it retained ultimate control, the bank protected itself against any loss by selling out the customer if the stock began to fall in value.

EMPLOYES TRADED

Some of the partners and employes of the brokerage firms were also utilizing the scheme to trade secretly for themselves and their families under the same easy credit terms.

There are a number of other American security laws, all designed to protect the ordinary stockholder against manipulation of the market by professionals with special knowledge and power, that businessmen are finding it convenient and lucrative to violate through Swiss banks.

One is a prohibition against "insider trading." This occurs when an officer or other control figure in a corporation buys stock in a company for himself without making a public declaration to the Securities and Exchange Commission of intent and of the firm's current assets and liabilities. Those controlling the company may not want stockholders to know these facts.

So the "insider" buys and sells the securities under the anonymity of a Swiss bank.

Max Orovitz, a Miami and New York multimillionaire "insider," was convicted last year of such violations. He first advantageously acquired $500,000 worth of securities in the General Development Corporation, a real estate concern of which he was the treasurer and a director, and then sold $250,000 of them for a profit in the $100,000 range.

ENVELOPE BROKE OPEN

A principal officer in four companies, a director of the Florida Light and Power Company and two banks and chairman of the executive committee of the University of Miami, Mr. Orovitz also operated through the biggest Swiss bank, the Union Bank of Switzerland. At his trial he professed ignorance of who owned the securities and recited a complicated explanation—which the judge did not believe—of another mysterious transaction—an airmail envelope from the bank with $50,000 in cash that embarrassingly broke open in the Miami post office.

A third violation of securities laws, for which Swiss bank secrecy is an ideal cloak, goes by the innocuous term of "trading in new issues." A broker who controls an attractive new stock issue secretly buys a large block for himself at a bargain basement price before public trading begins. He sells high after the stock goes on the market and the price climbs.

Then there is outright manipulation of the market with the Swiss secrecy device—driving the price of a stock up or down, whichever is desired, by placing buy and sell orders through Swiss accounts. Complicated variations on this theme have been used in several instances in recent years to bilk other investors out of tens of millions of dollars.

JUST AN OUTCROPPING

Evidence garnered from instances of tax and securities violations that have been prosecuted indicates they represent the mere outcropping of a large reef at high tide.

Nearly 30 Swiss banks, two American bank branches in Switzerland and 24 reputable brokerage houses in this country have been involved in one case or another, either through the simple use of their facilities, through one of their officers or employes, or because the firm itself was deliberately breaking the law.

Because Swiss bank cases, if prosecutable at all, are always complex; time-consuming research is required to obtain an indictment. The number of prosecutions therefore has by no means kept pace with the trails found.

The chairman of an American corporation that does $1.5-billion of business annually and whose products are a household word was recently discovered surreptitiously trading stock through a Swiss account.

One of the oldest and largest Wall Street brokerage firms was found this fall to be handling 127 numbered subaccounts for Swiss banks, a good indication that some, at least, are covers for illegal trading by Americans.

The bill that Representative Patman has drawn up would give American authorities stronger weapons in combating some of these practices. The measure would:

Require all banks, brokerage houses and similar institutions to microfilm checks and to see that any person transacting business through their facilities with a foreign bank properly identified himself and the persons for whom he was acting. The provision could end the common practice of signing false names and addresses on forms for cash transfers to Switzerland of hundreds of thousands of dollars at a time through American banks.

Direct any person carrying more than $5,000 in cash out of the United States at any one time, or $10,000 in a calendar year, to report these transfers to the Treasury.

Make it illegal for an American citizen or corporation to have a secret foreign bank account unless all transactions were reported annually to the Treasury.

Empower the Secretary of the Treasury to seek court injunctions against any individual or corporation who was violating, or appeared about to violate, the laws in this area.

Give United States attorneys the power to force a witness to testify by obtaining a court order that would grant the witness immunity from personal incrimination. The witness would thus not be able to invoke his Fifth Amendment right because he would not be incriminating himself by his testimony.

The bill would also create stiff criminal and civil penalties for infractions of its provisions. A simple violation could bring a fine of not more than twice the amount of money or a year in jail or both. Violations exceeding $100,000 in any 12-month period could result in a fine of $500,000 or five years' imprisonment or both.

Civil penalties would entail forfeiture of the entire transaction.

Except for the exhaustive investigation conducted by Mr. Glanzer in Washington in which Swiss Bank secrecy was ruptured for the first time, the only law enforcement agency to make a sustained effort to combat this new form of affluent crime has been the New York City office of Robert M. Morgenthau, United States Attorney for the Southern District of New York.

He and his assistants have originated virtually all the prosecutions thus far. The information they obtained has led to the forthcoming House Banking and Currency Committee investigation.

Mr. Morganthau considers the penchant for Swiss bank crime by supposedly reputable citizens as ominous erosion of tax and securities laws.

His efforts, he says, have been hampered by lack of funds and manpower. He can spare only three assistant attorneys and four investigators for the work.

"I think we've slowed Swiss bank crime up somewhat," he said in an interview, "but we're only touching a small part of it."

Dr. Frank Pick, a bespectacled economist of Austro-Hungarian ancestry who publishes information on international financial operations from his New York financial district office, disagrees with Mr. Morgenthau. He thinks there has not even been a slowdown in the scurrying for a Swiss shelter. On the contrary, he believes that inflation, high taxes and regulation of stock and bond trading are persuading more and more Americans to adopt the Swiss device.

He is convinced that not only businessmen but also others who acquire cash, such as doctors, lawyers, dentists, politicians or simply wealthy families seeking to safeguard an inheritance are turning to the Swiss haven.

As long ago as 1958, the New York regional office of the intelligence division of the Internal Revenue Service made a confidential investigation of the Swiss bank problem after $30-million in suspicious money transfers were made to Swiss accounts in one year through two New York banks.

The investigation unearthed enough evidence of large-scale tax and securities

frauds and associated rackets like diamond smuggling to conclude that Swiss bank secrecy offered "a wide-open field" for such crime and posed "a serious threat to our tax system." The report recommended a grand jury or Congressional investigation and a tightening of American laws.

Neither recommendation was ever translated into action. Both before and since the investigation, the revenue service has usually shunned the prosecution of tax frauds involving Swiss banks because of time-consuming complications and the difficulty that Swiss secrecy poses in obtaining a conviction.

Since the 1958 investigation there have been only two indictments for tax fraud involving Swiss banks, both handed down by the grand jury in Mr. Morgenthau's district. The most recent, last December, accused two New York businessmen of swindling the Government out of $1.5-million in corporate and personal income taxes in three years.

Irving Braverman, vice president of Leeds Travelwear, and Sidney Rosenstein, his partner in two other companies that specialize in selling items to military post exchanges overseas, allegedly sent $3-million in sales commissions on an underground journey to the bank Leu of Zurich, the fifth largest in Switzerland, under the cover of the Continental Trade Establishment, of Vaduz, Liechtenstein.

This trading house turned out to be a dummy Liechtenstein corporation administered by Dr. Herbert Batliner and Dr. Alfred Buchler, who are among a number of lawyers who bustle between Switzerland and this tiny Swiss protectorate on the border with Austria.

About 20 other tax fraud cases have been recommended for prosecution by investigators in the New York-New Jersey area, but none have yet been approved by the Justice department and I.R.S. headquarters in Washington for submission to a grand jury.

[From the New York Times, Nov. 29, 1969]

HOW AMERICANS CAN OPEN SWISS BANK ACCOUNT HERE

WASHINGTON.—Anyone fortunate enough to be able to afford a Swiss bank account can open one by going to the branch or office of a number of Swiss banks in Lower Manhattan.

Five major Swiss banks have branches or representative offices there and a number of smaller banks also have representatives in New York.

The three biggest banks are the Union Bank of Switzerland, the Swiss Bank Corporation and the Swiss Credit Bank. The latter two also have offices in Los Angeles and San Francisco. If you live elsewhere, the whole procedure can be accomplished by mail.

A clerk working behind a desk on the street level of the Swiss Bank Corporation branch in the Equitable Building at 15 Nassau Street directs a visitor asking about opening an account to the fifth floor. There a polite young Swiss executive explains that regular time deposits, the equivalent of an American savings account, pay 5 per cent interest in amounts above $12,500. On a minimum time deposit of $25,000 at six months, however, you can obtain 10⅞ per cent interest because the bank will lend out the money for its own account on the Euro-Dollar market in London, where demand is high because of the credit pinch here.

(Most Americans probably would not want just a plain old-fashioned account in a Swiss bank. Swiss interest rates, at 3¾ per cent on deposits below $12,500 are not designed to attract modest savings.)

BANK BUYS AND SELLS STOCKS

The executive explains that for a fee, equivalent to that of an American broker, the bank will buy and sell stocks and bonds for you in the United States or elsewhere.

"I would like the account to be a numbered one," you say.

"You would have to go to Switzerland to do that," he says. "And we don't handle numbered accounts except for very large amounts of money."

"What is the minimum?" you ask. "$150,000," he says.

The numbered account (sometimes code words are used instead) is no different from a named one, as far as the protection of Swiss bank secrecy laws are concerned. It is, however, a super-discretionary device whereby the depositor's name is known only to the top three or four officers of the bank and the client can transact business by signing the number or code word in longhand on correspondence. This, however, creates more administrative work for the bank and so, the executive notes, sums smaller than $150,000 are not accepted.

The smaller Swiss banks are said to be more ready to open numbered accounts for Americans in the United States and to be willing to handle those below $150,000.

"Will the American authorities be able to find out that I have an account with you?" you ask.

"If you open the account here they will be able to," he says. "Our records here are subject to American law."

However, the fact of the account's existence can be denied to American authorities by mailing the forms to open it directly to Switzerland instead of returning them to a New York branch. Even if the existence of the account is learned, American law enforcement officials cannot obtain any information on subsequent deposits and other transactions from the bank if certain elementary precautions are taken.

IN CASH THROUGH AMERICAN BANKS

One usual method is to make the deposits in Switzerland by mail. Another is to make them in cash through any correspondent American bank and to sign a false name and address on the Treasury currency report that is supposed to be filled out for cash transfers above $2,500 in bills of $100 denomination or above $10,000 in bills of any denomination.

The Treasury regulation governing the reports is more or less voluntary and a bank incurs no more than a scolding for a lapse.

After you have made the transfer, you enclose a copy of the deposit slip in an airmail envelope to Switzerland along with a letter to your banker identifying the cash as your money and asking him to credit your account. He will do so.

There is nothing illegal about an American having a Swiss acount, receiving interest on it or using it to buy stocks or perform any other transaction, provided securities laws are not violated and proper declarations are made on taxable income.

In a visit to the office of another institution, the Union Bank of Switzerland, another executive explains that the bank deducts just two taxes—a 30 per cent Swiss tax on interest payments and an equalization tax for Americans who buy Swiss or other foreign securities. This second tax does not apply to American stocks and bonds. Switzerland also has no capital gains tax on the profits from securities trading and no inheritance taxes for foreigners.

[From the New York Times, Dec. 1, 1969]

CROOKED DEALS IN SWISS ACCOUNTS AIDED BY BANKS' INACTION HERE—BROKERS DECLINE TO QUERY CLIENTS—SECRECY FOILS ATTEMPTS TO STUDY TAX EVASION, STOCK FRAUD AND CRIME LOOT

(By Neil Sheehan)

WASHINGTON.—Last spring the senior partner in a New York brokerage house was told by the vice president of a Swiss bank with whom he regularly did business: "A fellow will come to your office in the next few days with $100,000 in cash. Take it. The money's for us."

Several days later a man appeared with $100,000 in cash in an envelope. The broker accepted it without demur and put the money in a safe. Other men came and went on the same errand a number of times in the next few weeks until the broker had accumulated $840,000 in cash.

The Swiss bank official flew to New York on one of his frequent trips to the United States to solicit business and to pick up this and other deposits.

Both he and the broker were summoned to the Manhattan office of Robert M. Morgenthau, United States Attorney for the Southern District of New York.

"Do you know what you've been doing?" they were asked. "No," the men replied in puzzlement.

"You've been taking payoffs for heroin."

The eyes of the banker and broker rounded in shocked surprise. "We didn't know that," they said.

"DIDN'T THINK ABOUT IT"

"What did you think you were doing," an assistant United States attorney asked.

"I didn't really think about it," the broker said.

"I thought it was something a bit illegal, maybe diamond smuggling," said the Swiss banker, a stock, well-scrubbed, neatly tailored man. "But I didn't know it was narcotics. If I had, I would never have accepted the money."

Mr. Morgenthau and other law enforcement authorities have found this close-your-eyes-and-pass-the-money attitude to be common to much of the Swiss and American banking and brokerage community.

Coupled with Swiss bank secrecy, the attitude has repeatedly frustrated the lawmen's efforts to restrict the use of Swiss banks, not only for massive tax evasion and securities frauds by supposedly respectable Americans, but also as the principal haven for illicit money from organized crime.

The late Louis Schrager, a principal figure in the Meyer Lansky organized crime syndicate who ran the numbers racket on Manhattan's West Side and in the garment district and part of Brooklyn until his death in 1967, negotiated one of many profitable arrangements for himself through a Swiss bank and an old line New York private bank and brokerage firm, Laidlaw & Company.

BONDS WERE COLLATERAL

In April of 1964, Schrager wanted to transform about $400,000 worth of 3 to 4 per cent interest, municipal bearer bonds, a negotiable type that does not carry the purchaser's name, into a better investment. He had the bonds turned over to the Nassau, Bahamas, subsidiary of a Geneva bank. Bahamian civil law protects bank secrecy there.

Using the bonds as collateral, a vice president of the Swiss bank negotiated a $375,000 loan from Laidlaw to the Bahamas subsidiary. The $375,000 became a time deposit for Schrager at the Bahamas subsidiary and paid 5 per cent interest. Laidlaw charged 5 per cent interest for the loan and the Swiss bank in turn got $375,000 to lend elsewhere at higher interest rates.

To prove it could negotiate the bonds, the Swiss bank gave Laidlaw the original of a letter of transmittal from the purported owner. The letter was signed, "I.S.I.S. Ltd., Gene Bernard." No address was given. Laidlaw's attorneys looked over the documents and approved the transaction as legally sound. No one asked what I.S.I.S. did or who Gene Bernard was.

Gene Bernard is an alias of a corrupt Miami accountant and I.S.I.S. Ltd., was a dummy corporation administered by him and a crooked lawyer-accountant team in Cleveland.

LETTER TRANSFERRED

In the summer of 1965, Schrager and his financial managers discovered that the Swiss bank had given Laidlaw the I.S.I.S. letter. They had assumed the Swiss bank would say it owned the bonds itself, and demanded that the bank retrieve the letter so that no link to themselves would exist in Laidlaw's files, where it could be subpoenaed.

The Swiss bank explained to Laidlaw in a series of complicated negotiations that its client, I.S.I.S. Ltd., did not want its name appearing in the loan file. Laidlaw protected itself financially by having the parent Swiss bank guarantee the loan to the subsidiary and returned the original I.S.I.S. letter. Again, Laidlaw did not inquire into I.S.I.S. and Gene Bernard. It did, however, keep a copy of the letter, which was subsequently subpoenaed by a New York grand jury.

The two-and-a-half-year loan was finally terminated in October of 1966. By that time, Laidlaw's interest charge had risen to 6¾ per cent.

American brokerage firms likewise restrain their inquisitiveness when buying or selling stock for a Swiss bank, although brokers readily concede their awareness that the Swiss are probably trading for a third party.

ONLY A SERVICE

When questioned about this attitude by law enforcement officials, bankers and brokers usually say they are merely performing a professional service and that question about the real participants would be inappropriate.

Swiss bankers elaborate this opinion more carefully. In a speech to a shareholders' meeting in 1969, F. W. Schulthess, chairman of the Swiss Credit Bank, one of the three largest, denounced scurrilous publicity alleging that Swiss bankers "were covering up crooks, that we were guarding the fortunes of corrupt dictators and international gangsters."

The question is: what is criminal? The answer seems to be, depending on which legal system you favor, that crime in the United States is legitimate profit in Switzerland.

Mr. Schulthess's bank was one of the six that allegedly helped Alfred M. Lerner, president of the First Hanover Corp., an ostensibly respectable Wall Street brokerage firm, reap $400,000 to $500,000 from stock frauds last year. The Swiss credit bank handles accounts for men who would be considered "crooks" in most Western societies—members of the Lansky syndicate, like Edward Levinson of Las Vegas casino renown, Bernard Bercuson and other purported hoteliers.

NO COOPERATION

"In the two major areas where Americans are breaking the law, tax and securities violations, the Swiss will not cooperate with us," Mr. Morgenthau says.

Swiss bank secrecy can be broken and a banker forced to give information on order from a Swiss court. Swiss courts will issue such orders, however, only for offenses recognized as crimes in Switzerland, and tax and securities violations are not considered criminal there.

Millions of dollars of Mafia "black money" flows into Swiss accounts each year and is, so the joke goes, "washed clean in the snows of the Alps."

MINIMUM BALANCE

Schrager ran a good deal of his numbers racket winnings through a Geneva account labeled "Winn's Trust." He kept a minimum balance of $400,000.

Schrager used the Mafia device of false mortgages and loans to launder the dollars into "white money" to purchase motels and other real estate in Florida. His heirs are now living comfortably from the income of these properties as well as from at least $400,000 still secure in Switzerland.

In this manner Swiss bank secrecy is fostering the growth of a phenomenon that law enforcement officials consider highly corrosive to the social fabric—partnerships between supposedly legitimate businessmen and organized criminals for mutual gain. The line between entrepreneur and crook blurs in this gray world.

One bank in Switzerland, owned by a cluster of American businessmen and organized criminals, functioned principally as just such a laundry shop for "black money" from illicit operations.

It was called the Exchange and Investment Bank and had well appointed Geneva offices. The major owners were Garson Reiner and Benjamin Wheeler, two New York brassiere manufacturers who helped start the peek-a-boo trend in women's fashion when their company, Exquisite Form Industries, Inc., introduced the see-through bra in 1964.

Other owners included Levinson, the Las Vegas casino operator for the Lansky syndicate; Benjamin Siegelbaum, a Lansky associate with like duties, and Lou Poller, a friend of the imprisoned teamster union leader, James R. Hoffa, and former president of the Miami National Bank.

From 1963 through 1967, millions of dollars in shady money flowed in and out of this Geneva bank each year through the Miami National Bank and various Bahamian and New York banks.

Samuel Cohen, a New York and Miami Beach multimillionaire who owns a share in the Flamingo Hotel in Las Vegas, allegedly "cleansed" in the neighborhood of $2-million in "skim," intaxed gambling profits and earnings from other enterprises through the Exchange and Investment Bank and another Geneva bank in the mid-1960's. He controls the Miami National Bank.

Besides its Las Vegas interests, Mr. Cohen's family firm owns a major share of the Eden Roc, Deauville and four other posh Miami Beach hotels and about 70 apartment buildings in New York City.

He repatriated the money from Switzerland as purported loans from the banks to meet his mortgage payments and deducted the interest on the loans in his tax returns.

OFFERED $15 MILLION

An estimate of how profitable the Exchange and Investment Bank's laundering work was can be ascertained from a proposal that Mr. Wheeler, who served as its vice president, is said to have made in 1964 to the Geneva representative of a leading Wall Street brokerage house. He offered the broker $15-million with which to trade stocks in the bank's name on New York exchanges.

In early 1967, one group of hoodlums attempted to defraud the Chase Manhattan Bank of nearly $12-million through this Geneva bank. The fraud was detected before the money could be transferred with a forged bank order and the Exchange and Investment Bank was named as a co-conspirator in the New York Federal grand jury indictment.

This abortive theft, and an intensive investigation by Mr. Morgenthau's office, comprised the Geneva bank's usefulness to the underworld. Messrs. Reiner, Wheeler and the other owners sold the bank's Swiss license to a French bank last March.

The bank records were reportedly destroyed before the sale.

OWN MONEY MANAGER

The Lansky organization keeps its own resident money manager in Switzerland. He is John Pullman, an old bootlegging compatriot of Lansky. Russian born, naturalized as an American citizen, then denaturalized in 1954, and renaturalized as a Canadian, Pullman lists his occupation as "retired." He lives in Lausanne when he is not busy in Geneva, Zurich, London or Toronto conferring with members of the Lansky apparatus, making investments for a commission and picking up cash deposits for the Swiss Credit Bank and other institutions.

When American officials argue that the Swiss should help them prosecute organized criminals for tax, securities or mail fraud, the Swiss answer that the United States should convict these men of some internationally recognized crime such as kidnapping or murder. But this is a difficult prospect, with the strict rules of court evidence and stringent limitations on wiretapping in the United States.

In their determination to carry on discreet business with American clients, the Swiss banks have also found powerful allies within the United States financial community.

The major American banks have been acting in concert to fight off any intrusion in the Swiss area. They, in turn, have rallied support at times from the State Department and the Treasury.

SEEK GOOD RELATIONS

The Treasury wants Swiss cooperation in maintaining the international balance of payments and monetary stability. The State Department is intent on preserving good relations because the Swiss have been helpful in American intelligence gathering activities, while the banks, and their allies, the brokerage houses, have a financial stake in unhampered commerce with the Swiss. They covet the commissions and interest charges on the enormous Swiss business.

Last year, for example, Swiss banks bought and sold $11.3-billion worth of American stocks and bonds, by far the largest foreign traders.

Many big American banks are, in fact, seeking legal precedents that would allow their Swiss branches the same immunity from American courts and authorities that Swiss banks have. If they are successful, an American grand jury or court will be unable to subpoena as evidence of crime the records of an American bank branch in Switzerland.

CERTIFICATE SUBPOENAED

Last summer the Federal grand jury for the Southern District of New York subpoenaed a $200,000 certificate of deposit from the First National City Bank as evidence in a stock fraud. The certificate was purchased from First National City's Geneva branch for an American broker.

In a counter-motion in court First National City attorneys argued that the certificate was in the physical possession of their Geneva branch and therefore could not be surrendered because this action would violate Swiss bank secrecy.

The Justice Department then halted Federal court litigation to pry loose the document and took the diplomatic route of attempting to obtain a surrender order from a Swiss court, a procedure that has rarely yielded results in a securities case.

Mr. Morgenthau and his aides say that First National City and Chase Manhattan also are not microfilming checks and other records to the extent they once did. Experienced Internal Revenue Service agents likewise say that in recent years they have encountered noticeably less cooperation and far quicker destruction of such bank records as deposit slips and teller cash sheets.

Mr. Morgenthau says this change gives the upper-class criminal another measure of protection by depriving law enforcement agencies of vital evidence.

The successful prosecution of the brokerage firm of Coggeshall & Hicks last August for violating the credit limitations on stock trading for five years through the Arzi Bank of Zurich originated with the discovery of microfilmed copies of canceled checks to the Swiss bank from American customers of the brokerage house.

"VIRTUALLY ALL" FILMED

A spokesman for First National City said the Bank still microfilmed "virtually all

checks" except for "a relatively small number" that clear through its central office. Those checks not microfilmed are also confined to accounts "on which there has never been any investigation or inquiry," he said.

A Chase Manhattan official said the bank had not altered its checks microfilming procedures in 10 years. The bank does not microfilm all checks that originate and clear within New York, but does keep a record of others.

When the affluent are convicted of Swiss bank crimes, the punishment is often relatively lenient in comparison to sentences imposed on poor people for common crimes. The difference apparently stems from the general attitude of judges and the penalties prescribed by law.

The penalties for most stock and bond trading frauds are a $10,000 fine and two years in prison, or both, for each specific violation. The prosperous defendant invariably hires prestigious lawyers who litigate exhaustively.

Robert S. Keefer Jr., the principal partner in Coggeshall & Hicks, pleaded guilty to an indictment charging $20-million in illegal trading over five years. He was represented by Simon H. Rifkind, a judge for nine years in the United States District Court for the Southern District of New York, where the case was being tried.

"GREAT RESPECT"

"Judge, I might as well say it now. I will say it later anyway, that they have chosen well in having you." Irving Ben Cooper, the presiding judge, said prior to the sentencing. "You know you have the great respect of this court."

Mr. Rifkind compared his client's offense to breaking "a traffic regulation." Mr. Keefer, he said, was, like most of the defendants he has represented, "people who have had good careers, good reputations, and who have slipped on the ice of some regulation or some emotion or something of that kind, rather than hardened criminals who make crime a way of life."

In those five years of easy credit with the Arzi Bank, Mr. Keefer's firm had received $225,000 in illegal commissions, besides the profits accumulated by its customers and Mr. Keefer and his associates on their clandestine stock trading. During the grand jury investigation, Mr. Keefer had repeatedly perjured himself.

Judge Cooper gave him a tongue lashing, a $30,000 fine and a suspended sentence.

STOLE TV SET

Last August, a week after the Keefer sentencing, James C. Harris, an unemployed shipping clerk, appeared before Judge Cooper. Harris is a Negro, married, with two children and has a prior record for attempted armed robbery in 1964. He was now charged with stealing a Japanese television set worth less than $100 from an interstate shipment from a bus terminal. He got a year in jail.

This disparity in punishment is not a personal quirk of Judge Cooper's. It is common to his fellow judges on the New York District Court and to others in similar positions elsewhere. Judge Cooper and his colleagues regularly hand out minimum five-year jail terms for minor Federal narcotics violations, as they are required to do by law.

In the view of most students of the problem, any effective measures to mitigate Swiss bank crime will have to be taken unilaterally by the United States.

Mr. Morgenthau believes there must be systematic enforcement of the law through far greater scrutiny of Swiss transactions. This kind of enforcement would inturn require considerably more manpower and funds. The additional expense could more than pay for itself, however, in increased tax revenues.

COULD RECOVER EXPENSES

"I had a budget of $1-million a year to prosecute Swiss bank cases," one assistant United States attorney said. "I could easily make much more than that back for the government."

Mr. Morgenthau believes that far more is at stake in Swiss bank crime than simply illegitimate profit. He is convinced that the integrity of the American legal system and the willingness of the average citizen to obey the law are endangered.

"When you talk about the Swiss bank criminal, you are talking about people who hold positions of trust and responsibility, people whom the little man is supposed to look up to and who are now committing crimes," he says.

[From the Evening Star, Dec. 4, 1969]

CURBS SOUGHT ON SECRET BANK ACCOUNTS

(By Jean Heller)

Congress begins work today on legislation to curb the illegal use of secret foreign bank accounts, an attack based in part on a multi-million-dollar swindle of the Navy—one of the biggest fraud cases ever cracked by federal authorities.

The House Banking Committee will start drafting legislation which would require record keeping and reporting by persons in the United States who deal with foreign banks protected by secrecy laws and by couriers who take secret cash from this country to the foreign bankers.

The fraud case involved a St. Louis company and several of its officers charged with defrauding the Navy on more than $47 million in contracts for rocket launchers and funneling more than $4 million in overcharges and kickbacks into secret Swiss bank accounts.

In gaining evidence that led to a 30-count indictment, the Justice Department was able, for the first time in history, to crack Swiss bank secrecy.

The principal defendants included Francis N. Rosenbaum, a Washington lawyer, and Andrew L. Stone, a multimillionaire St. Louis businessman. Both pleaded guilty to nine counts of the indictment.

With the other defendants they are due for sentencing here next month before U.S. Dist. Judge Oliver Gasch. Rosenbaum and Stone each could be sentenced to 45 years in jail and fined $90,000.

In addition, Rosenbaum was indicted yesterday in New York on perjury charges stemming from his 1966 testimony to a grand jury there which was looking into possible illegal use of secret Swiss bank accounts.

The indictment accuses Rosenbaum of lying when he told the jury he never had an account in the Banque Germann, of Basel, Switzerland.

Records in the rocket launcher case say that:

The conspiracy spanned a four-year period, from January 1963 to February 1967.

When it began, the Chromcraft Corp. of St. Louis had been receiving Navy contracts to manufacture 2.75-inch rocket launchers for a year. In 1963, Rosenbaum was a director of the special counsel to Chromcraft. Stone was the principal stockholder and chief executive officer.

They submitted cost estimates to the Navy for the rocket launchers, including invoices from a subcontractor, Scientific Electronics, Ltd., of Beverly Hills, Calif. The invoices were fraudulent and the Navy overpaid on the contracts for the launchers.

Scientific Electronics was nothing more than a desk drawer company and never did any work for Chromcraft.

Later, Scientific was dropped and another dummy corporation, Bregman Electronics, Inc., was incorporated in New York City to continue the fraud.

In 1966, Chromcraft was merged into Alsco, Inc., an Akron, Ohio, firm. Chromcraft's St. Louis rocket launcher manufacturing operation became the Techfab Division of Alsco. Rosenbaum and Stone retained with Alsco the positions they had held with Chromcraft.

The false pricing and overpayments by the Navy continued until 1967 under this new setup.

In addition, Stone and Rosenbaum demanded and received kickbacks totaling $663,481 from Western Molded Fibre Products, Inc., of Gardena, Calif. a legitimate subcontractor first for Chromcraft then for Techfab.

The defendants channeled this money into their Swiss bank accounts. They also channeled more than $2.2 million through Scientific Electronics and nearly $1.2 million through Bregman into Swiss banks.

The Associated Press disclosed in July 1968, that despite a grand jury probe, the Navy continued to give its rocket launcher contracts to Techfab on a sole-source basis—that is without competitive bidding.

In August, the indictment was returned and six weeks later the Navy backed away from Techfab and said all future contracts for the rocket launchers would be awarded through competitive bidding.

Two new contracts were awarded through competitive bidding earlier this year and could reduce the cost of the launchers by as much as 33 percent.

Alsco is now under new management.

[From the Machinist, Jan. 8, 1970]

NIXON UNDERCUTS SWISS BANK PROBE

The Nixon Administration has suddenly turned against the efforts to halt the illegal use of secret Swiss bank accounts by wealthy Americans. Hundreds of millions of dollars are involved.

These accounts, a Congressional investigation has revealed, have been used by rich Americans to dodge taxes and evade U.S. security laws, by gangsters to hide underworld gain, by foreign governments to pay off American military personnel for spying against the U.S.A., and by stockholders to hide the real identity of the owners of some major American industries, most notably U.S. railroads.

Here are recent developments:

Robert M. Morgenthau, a Democrat, who led the investigation of Swiss bank crimes, has been forced to resign as U.S. Attorney for the Southern District of New York. Morgenthau was notified by Attorney General John N. Mitchell that he was through although his appointment did not expire until June 1971.

Whitney N. Seymour, Jr., a Republican, has been nominated by President Nixon to succeed Morgenthau. Seymour is a law partner of William G. Dillon, a director of a Swiss bank.

The Administration has withdrawn its previously announced support for a House Bill (H.R. 15073) by Rep. Wright Patman of Texas, aimed at curbing the use of secret foreign bank accounts for illegal purposes. Patman is chairman of the House Committee on Banking and Currency.

The House Banking and Currency Committee has been investigating Swiss bank crime for more than a year. Morgenthau testified last month that "deposits in secret foreign bank accounts held for illegal purposes have a value in the hundreds of millions of dollars."

In seeking Morgenthau's removal, Patman said, "the Administration has gone so far as to attempt to silence the U.S. attorney most responsible for uncovering these illegal activities."

One bank investigated by Morgenthau was the Manufacturers' Hanover Trust Co. of New York. It was allegedly used by racketeers in South Vietnam as a conduit for more than $1,500,000 in black market money and kickbacks.

Seymour's law firm serves as counsel to Manufacturers Trust.

Rep. Charles A. Vanik of Ohio has asked the

House Ways and Means Committee to subpoena Morgenthau's files on secret foreign bank accounts. "It is incumbent upon Congress," he said, "to utilize this evidence of tax abuse before it disappears."

Patman's bill was drafted with the aid of Eugene T. Rossides, assistant secretary of the Treasury for enforcement and operations, and Randolph W. Thrower, commissioner of the Internal Revenue Service. The officials surprised Patman when they testified they could not support the measure because it "went too far."

Their testimony came after bankers, who objected to the bill's strict, new record-keeping practices, exerted pressure on the Administration.

The bill calls for tighter record-keeping on domestic bank account transactions and the identities of persons dealing with those accounts. It also requires stricter reporting by persons taking U.S. currency abroad and those doing business with foreign financial institutions.

The Banking and Currency Committee is scheduled to resume its investigation date this month. Defense Department witnesses are expected to testify that secret Swiss accounts have been used to cloak payoffs to American military personnel who supplied intelligence information to foreign powers.

"Foreign numbered accounts," according to an advance copy of testimony, "pose a security threat to the Department of Defense in that they may be used to support foreign agents targeted against the military establishment or they may be used to conceal payments to U.S. personnel recruited by foreign intelligence services."

In one case described, Soviet intelligence officials deposited $25,000 in a secret Swiss account for a U.S. Army sergeant who supplied them with classified information. The sergeant, who was not named, is serving a prison sentence for espionage.

[From the Wall Street Journal, Jan. 10, 1970]

FOREIGNERS SNAP UP FUNDS THAT PURCHASE PROPERTIES IN UNITED STATES—SOME NATIONS FEAR CURRENCY DRAIN; CRITICS COMPLAIN INVESTMENTS ARE CARELESS—EX-POLITICIANS ON THE PAYROLL

(By Russell Boner and Lorana O. Sullivan)

The year was 1626, and a crafty Dutchman named Peter Minuit pulled off the real estate coup of the age by purchasing Manhattan Island from the natives for $24 in beads, trinkets and bright cloth.

The buildings and land of Manhattan are now worth $40 billion, give or take a few billion. And although it's taken a few centuries, in the past year or so millions of investors in foreign lands have seen the wisdom of Peter's example. From Brazil to Sweden, they're pulling their money out of tin cans and conservative old banks and putting it into new mutual funds that purchase American properties.

Such funds, selling only to foreigners and often run by Americans abroad, are proliferating. The number selling to Europeans alone has tripled, to more than 200, in the past two years. And, according to some critics, many of them are promising their gullible clients capital appreciation to match the Minuit model. Although the majority of the new ventures are conventional stock funds, international investors can now choose among funds that purchase such exotica as gold, whisky, stamps, ships and even casinos, as well as some three dozen funds that specialize in real estate.

GETTING RICH QUICK

And while it isn't known just how many of the largely unregulated "offshore" funds concentrate on scooping up exclusively American properties, some disgruntled and startled U.S. businessmen competing for the same properties says the answer is "plenty." One New York fund manager figures that between $2 billion and $3 billion in offshore capital flooded into the U.S. stock and real estate markets last year, whereas "two or three years ago I doubt if it was even a tenth of that."

With action like that, the proliferating offshore funds help the American balance of payments, sometimes make investors rich and frequently make the men who run them rich.

But they're also making enemies among many older and more staid financial institutions abroad, along with increasing numbers of foreign governments. Wild promotion, critics charge, is often accompanied by slapdash investment and questionable accounting methods.

"One or more of these operators may in the not too distant future bring scandal and discredit on our entire industry," worries A. Richard Fincell, president of North American Plans Management Co., a Bahamas stock fund management company.

Governments from Greece to Brazil make another serious charge: They say the funds weaken already shaky national currencies by offering foreigners the means and secrecy to funnel cash out of their own countries and into shares redeemable in dollars or pounds or whatever. "The money comes from places where people traditionally have a lot of cash in their mattresses, and suddenly they're nervous about it being there," says an attorney familiar with the funds.

FOLLOWING BERNIE

The sudden surge of overseas mutual funds followed the spectacular success over the past decade of I.O.S. Ltd., Bernard Cornfeld's Canadian-incorporated, Geneva-headquartered company that manages 11 mutual funds. I.O.S. alone manages over $2 billion in mutual funds, and its assets have grown $1.8 billion in the past five years.

"Until Bernie came along, Europeans and Latins just let their money lie in banks or government bonds," says one fund adviser. "He showed there was a great hunger abroad for investment performance. Now everybody and his brother is hopping into the field, confident they can match the Cornfeld performance, or at least implying as much to their clients."

The new funds operate from such out-of-the-way places as Panama, the Bahamas and Luxembourg—countries where for the most part they are unhampered by regulation or taxes. They are not permitted by law to sell shares to U.S. citizens since they do not—and would not want to—meet Securities and Exchange Commission registration requirements.

That leaves considerable freedom for self-touting. In a kickoff ad last Nov. 27 in the International Herald Tribune, published in Paris, International Shipping Fund, a new Panama-based venture, proclaimed that the "fantastic profits" of shipping in the past have been matched by "no other industry." It assured readers that such "fabulous profits" would continue in years to come.

QUOTING ROCKEFELLER

The same ad writer may be working for International Real Estate Investment Fund, which in its prospectus equates land values with those of "diamonds and old masters." In the prospectus for Real Estate Fund of America, readers are served quotes from John D. Rockefeller (who made his money from oil) and Henry Ford, Sr. (who made his from cars) to the effect that real estate is the best and fastest way to get rich.

It is perhaps the blossoming real estate funds that have enjoyed the most spectacular growth and attracted the most attention. No real estate fund is riding higher than Nassau-based USIF Real Estate, which was launched in 1967 and has piled up net assets of over $180 million. Rafael G. Navarro, president of Gramco Management Ltd., which manages USIF, says the fund has purchased about 150 properties in the U.S. valued at around $650 million, including a state office building at Albany, N.Y., the LTV Tower in Dallas and the Town and Country office complex and shopping center in Los Angeles.

USIF's ads, like those of other real estate funds, feature pictures of the buildings it owns, presumably because the solidity of brick and mortar gives investors a feeling of security. But critics are quick to point out that fixed assets, such as buildings, ships and casinos lack the liquidity of stocks. The changing value of stocks can be computed daily, and, more importantly, stocks can be quickly sold to redeem inventors' shares. But a day-to-day value can't be accurately placed on fixed assets, and sale at a good price can take months.

Most real estate funds, to provide a cushion to meet redemptions, keep 25% to 30% of their assets in cash or government securities. The question, of course, is how well the funds would fare if redemptions of shares should exceed liquidity. So far, most funds have paid off redemptions with cash coming in from new sales. To cover themselves in the event of a "run" on shares, many of the funds' prospectuses reserve the right to suspend redemptions in an emergency.

The redemption perils of the new property funds worry other, more established financial institutions. Indeed, Bernard Cornfeld—hardly known, as the cautious type—decided against setting up an open-end fund to invest in U.S. real estate "after exploring the idea at great length," says a Cornfeld attorney. Liquidity problems, plus the inability to put an accurate value on the shares of such a fund, scared I.O.S. away, he says.

Many real estate men accuse the funds of gobbling up, at any price, property that will be hard to resell when the time comes. As share sales boom, the funds are hard-pressed to put the incoming cash to work. "Our only problem is finding properties to put all that money into," confesses one fund official.

"SELL US SOMETHING"

Amprop Inc., a Florida corporation that buys property for USIF, tries to buy a property a week, says Fred Stanton Smith, its owner. In a brochure directed to would-be sellers, Amprop boasts; Each month we select more than $30 million in properties. . . . With that amount of money, we must be able to make a quick decision on buying your property . . . Our speed is unequaled. If you are an owner of real estate, you will never find another buyer like us."

That's good news for property sellers, but some real estate men says it's risky for the investors who buy shares in the new funds. "These guys are buying anything where the photograph is attractive," says an amazed American real estate executive. Stories abound about frantic fund representatives who call major real estate companies and plead, "We've got to buy a building by the end of the month. Sell us something."

With such pressure to buy on a deadline basis, the funds have inflated real estate prices in the U.S.. "When an overseas fund starts bidding on a building, we drop out," says one New York real estate executive.

But the eager funds also provide a market for properties American real estate men are more than happy to part with—like the New York office building that was normally 80% vacant but was temporarily occupied by a short-term tenant waiting for completion of its own building. The president of the firm that sold the building to one of the hungry funds shakes his head in wonder when he tells the story.

INTERESTING FOOTNOTES

Some of the property funds compute their net asset value—the figure investors watch—in complex fashion. USIF, for example, initially values its buildings on the books at

their down payment price. For tax purposes, it claims accelerated depreciation of the buildings—but when computing their value to report to shareholders, it adds the depreciation back in, on the theory that property is naturally rising, not depreciating, in value. Also included in total asset value is income from rentals, increase in equity from mortgage payments and bank interest on liquid funds.

Most funds have their properties appraised frequently—Mr. Navarro says USIF does so three months after a purchase and yearly thereafter—but few of them resort to boosting reported total asset value on the strength of appraisals, a practice frowned upon by accountants. They do, however, carry footnotes or reminders in their reports to impress upon shareholders that appraisals made indicate the value of properties held is going up, up, up. And, as any homeowner knows, property values can vary widely according to who does the appraising; every real estate man knows which appraisers come in high and which low.

Thus, critics say, any fund's valuations can appear to climb effortlessly until the moment of truth—the sale of the property at market value. Since most real estate funds are relatively new ventures, many of them have yet to sell a property. "They're riding a pretty flimsy bubble," says an accountant who recently left one fund.

Real Estate Fund of America, based in Bermuda, would seem to have even more difficulty with valuation—it intends to build most of its buildings from scratch. But Jerome D. Hoffman, executive vice president of the fund's sales and promotion arm, says that's no problem at all; indeed, under his method of accounting, the fund is guaranteed a rise of over 2% a month on properties under construction.

Mr. Hoffman figures buildings appreciate 30% in value just from start of construction to finish. So, he says, the fund increases total asset value on a weekly basis to match that assumption. Mr. Hoffman says there is a safeguard: When a building is completed, if its income and appraisals don't justify the assumed appeciation, its value is written down. The company began its first construction just two months ago, but even before it did its net asset value per share had risen to $10.50 from an initial offering price of $10.

Whatever the risks for investors in property funds, the rewards for managers are fat. As with most stock mutual funds, the management companies usually assess sales charges changes of up to 8.5% of the amount invested, plus annual management fees of about 1% of total net asset value of the fund managed.

THE BIG RAKE-IN

But that's only the beginning. In selecting and buying properties for their funds, management companies charge those funds real estate commissions. These fees are based on total value of properties purchased, even though the funds usually make a down payment of 25% or less and obtain a mortgage for the balance.

The extent of commissions awaiting real estate funds' management companies came to light last year when Gramco International S.A. issued a prospectus for its public offering of one million of the 10 million shares of Gramco Management it held. In the first quarter of 1969, nearly 90% of the management company's total income of $4 million came from fees paid by USIF to it for acquisition of properties. Traditional management fees and sales charges amounted to a mere 8.5% of the total take.

In the first half of 1969, Gramco Management took in $5.5 million in net income, quadruple its earnings of the year-earlier first half. Meanwhile, the value of USIF's shares held by investors in the fund rose a comparatively modest amount—to $6.59 from $5.69 a year earlier.

Management companies hotly deny the suggestion that they buy questionable properties for the funds at inflated fees simply to hike their own commission income, but "the chance to do so is certainly there," concedes one executive. USIF shareholders would never have learned of Gramco Management's profits had the company not gone public and issued a prospectus. The fund's own statement of income for 1968, for example, showed only a management fee of $246,397 paid to Gramco, with an attached footnote explaining that yes, there were some "unspecified" fees paid the management company for the acquisition of properties.

With profits like that at stake, the competition among funds can get cutthroat. Mr. Hoffman of Real Estate Fund of America says one of his employes skipped town a few weeks ago with a copy of a proposed prospectus for a new Hoffman shipping fund. He says a recent ad for another shipping fund reads suspiciously like his own prospectus. It's apparent Mr. Hoffman maintains an acute interest in industry happenings. In a recent interview in London, he interrupted a reporter to ask if the newsman had heard that "Gramco's office in Rome was raided and checks seized?"

There was no raid, but it's true that foreign governments are getting uneasy about the high-flying funds. Germany, Italy and Belgium are all moving to tighten control over fund activities within their borders and Greece has accused I.O.S. salesmen of helping citizens to smuggle money out of the country to buy funds. I.O.S. is still negotiating with Brazil, more than three years after that country closed the company's offices there and seized its records.

In some countries, officials worry that citizens secretly buying fund shares will siphon badly needed investment cash out of the country. "Inquiring about the mutual fund business in some countries is like coming to the United States and asking about the heroin business," admits the manager of one Nassau-based fund.

Such concern is particularly widespread in Latin American countries. USIF, for one, concedes that nearly half its total sales are to Latin American clients, but it contends such customers purchase shares with money already out of the country, in Swiss and American banks. Still, the prospectus of that fund, like those of most others, emphasizes that names and addresses of subscribers will be kept secret.

Many of the funds pack the boards of the management companies with well-known people—presumably to alleviate fears of government officials and doubts of potential clients. Indeed, the funds have become a source of employment for out-of-work politicians.

HIRING A CHANCELLOR

Among others, I.O.S. has attracted James Roosevelt, son of Franklin D. Roosevelt and a former ambassador to the United Nations, and Erich Mende, former German vice chancellor, to its executive ranks. The Casino Fund has Alfons Gorbach, former Austrian chancellor, heading its board of advisers, and the Gramco organization chart reads like an alumni list of the Kennedy administration; six one-time aides of the late President, including Pierre Salinger, are employed by the company, U.S.A. Management Co., which runs First International Realty/Securities Fund Ltd., counts among its directors a former SEC commissioner, a delegate to the UN, Walter Jenkins, former assistant to President Johnson, and Robert P. Daly, who was Vice President Agnew's campaign director.

If any of the big names drop out, it's easy to find replacements, Reginald Maulding, former British Chancellor of the Exchequer and deputy leader of the Conservative Party, resigned as president of Real Estate Fund of America's management committee last summer shortly after a London newspaper revealed that Mr. Hoffman, the executive vice president, was prohibited under a consent decree from doing any securities business in New York State. Over the course of last year, Mr. Hoffman's fund lost some other well-known directors, including Paul Henri Spaak, former Belgian prime minister and secretary general of NATO.

But since those resignations, Mr. Hoffman has managed to keep his executive roster star-studded by signing on such personages as Holmes Brown, chairman of the New York Board of Trade, and Robert F. Wagner, former mayor of New York.

[From the National Observer, Jan. 19, 1970]

A FINANCIAL DEAL CATCHES THE EYE OF CONGRESSMEN—MR. NIXON'S OLD PARTNER EMERGES AS CHAIRMAN OF A RAIDED COMPANY

WASHINGTON, D.C.—A congressional committee is investigating the financing of a take-over of one defense contractor by another in which two members of President Nixon's former law firm became principal officers of the raided company.

Involved is the take-over of UMC Industries, Inc., St. Louis, by Liquidonics Industries, Inc., Westbury, N.Y. UMC, formerly Universal Match Corp., produces matches and is a leading vending-machine maker along with its defense work. Liquidonics makes hydraulic components, electronics instruments, and heating devices.

UMC unwillingly succumbed last year to a short-lived take-over in which Liquidonics tried to achieve corporate growth through a classic guppy-swallows-whale maneuver. Liquidonics, whose net worth UMC reckoned at $6,100,000, borrowed $80,195,870 and bought the majority of the stock of UMC, which calculated its own net worth at $54,500,000.

FORCED TO SELL

Liquidonics' coup fell apart around Christmas, when it was unable to get long-term Eurodollar loans to repay the short-term loans, also mostly in these foreign-held dollars, that it had used to buy the UMC stock. Liquidonics had to sell its majority interest in UMC to pay back the banks, taking a thumping $16,600,000 loss on the stock sale alone. The buyer was a Luxembourgian affiliate of the Swiss branch of a Paris bank that had lent Liquidonics most of the money to begin with.

The lawyers for the Swiss bank, the Banque de Paris et des Pays-Bas (Suisse) S.A., in Geneva, were Mudge, Rose, Guthrie & Alexander, President Nixon's former New York City law firm. Mr. Nixon's partners bought out his share of the firm after he was elected President. He severed his connection with the firm, and his name was dropped from its title. Not in Washington, D.C., however. The new Washington telephone directory, revised nine months after Mr. Nixon's election, still lists the firm's local branch by its former name, Nixon, Mudge, Rose, Guthrie, Alexander & Mitchell. The Mitchell is Attorney General John Mitchell.

NEW COMPANY OFFICERS

When the Swiss bank bought control of UMC from Liquidonics, Randolph H. Guthrie, one of the Mudge, Rose partners, became UMC's chairman and a director, H. Ridgely Bullock, another member of the law firm, became UMC's secretary and a director. The 13 Liquidonics-elected UMC directors, who had ousted UMC's own directors after the take-over, resigned. Only John R. Morrill, who had become UMC's president a month before Liquidonics moved in, has survived both transitions. Liquidonics kept him as UMC president; so has the Banque de Paris.

The House Banking and Currency Committee has been looking into Liquidonics' maneuverings because $50,000,000 of the $80,195,870 borrowed came from foreign sources that are exempt from the strict Securities and Exchange Act provisions governing American lenders. Chairman Wright Patman,

Texas Democrat, will focus on Liquidonics and "three or four other" foreign-financed deals next month in hearings on a proposed bill to tighten loopholes through which, he says, foreign money of dubious origin is invested in sensitive U.S. industries.

"The financing of corporate take-overs by banks from countries with secrecy laws is one of the more troublesome aspects of foreign bank secrecy," Representative Patman says. "When an institution lends money to one American firm to take over another, the Securities and Exchange Commission [SEC] is virtually powerless to discover the true source of the money. The foreign bank could be fronting for an American violating U.S. securities or income-tax laws; it could be fronting for a member of the organized underworld who uses these secret foreign banks to legalize so-called hot money.

"The problem is more dangerous," Mr. Patman adds, "where American companies are heavily involved in sensitive areas such as defense production. In Liquidonics' case, from what we have been able to learn, $50,000,000 of the $80,000,000 used to finance the take-over of UMC is shrouded with foreign secrecy." Mr. Patman has asked SEC officials to testify at the committee's hearings "as to the nature and extent of this problem."

Liquidonics and UMC together did about $35,000,000 worth of defense production during the past two years, committee records show. Their output included radar and missile equipment, machine tools, navigational instruments, artillery shells, 150mm. to 200mm. guns, grenades, chemical weapons, and missile warheads and launchers.

UMC's defense involvement is much greater than Liquidonics', the figures indicate. Defense work totaled about 12 per cent of UMC's sales, or $31,000,000 for two years. Liquidonics had $3,900,000 in defense business, or 4 per cent, in that period.

Liquidonics' latest available earnings report, for the six months ended Dec. 31, 1968, showed sales totaling $25,768,717, up from $23,727,215 in the year-earlier period. UMC's last earnings report, for the six months ended June 30, 1969, lists total sales at $71,509,696, up from $65,711,875 in the like period a year earlier.

NO EVIDENCE OF TAINTED DOLLARS

There has been no allegation that Mr. Guthrie, Liquidonics' officers, the Swiss bank, or a major American bank also involved in Liquidonics' take-over violated U.S. securities laws. Nor has any of the American principals been subpoenaed to testify before the House Committee. Moreover, there is no evidence that the Eurodollars lent to Liquidonics were tainted dollars but neither is there any way for U.S. regulatory agencies to find out where they, or any similar foreign-lent dollars, came from.

Mr. Guthrie, alone of those with an inside view of Liquidonics' take-over, readily discussed his role in it. He says he became involved only as a lawyer representing his client (the Swiss bank), that he had nothing to do with arranging the foreign loan, and that none of his actions was improper.

No one else involved would discuss the transactions at all. Liquidonics' officers would not return a telephoned request for an interview. Officials of Irving Trust Co., New York City, the nation's 12th largest bank, would not answer any of a list of questions submitted to them. Irving Trust handled the tender offer by which Liquidonics got most of its UMC stock, and later lent Liquidonics $15,095,870 to buy more.

A report published elsewhere said officials of the SEC and the Federal Reserve Board (the Fed) at first questioned the legality of Liquidonics' foreign-borrowing plans but decided not to try to block them after meeting with Mudge, Rose lawyers. The Federal officials involved would not confirm whether such a meeting took place. They said agency regulations forbade their discussing possible investigations or meetings unless a public announcement or action resulted from them. They did deny, however, that the SEC and the Fed held back because of Mr. Guthrie's relationship with President Nixon.

Mr. Guthrie denies this too.

DARING RAID SPEAKS FOR ITSELF

The public record of Liquidonics' daring raid on UMC speaks volubly for itself. It shows that Liquidonics used fully the shortcomings in U.S. securities regulations in order to get the most mileage from its borrowed Eurodollars. It also shows that this particular technique of conglomerate-building, while it is the fastest way to build an industrial empire when it works, can leave the raider saddled with debt when it doesn't.

Liquidonic's was a raid that didn't work. When it was over, Liquidonics had had to sell to its creditors for $57,800,000, or $22.25 a share, the 50.4 per cent of UMC's stock for which it had paid $74,400,000, or $28.70 a share. Besides the $16,600,000 lost there, Liquidonics had to pay the Swiss bank $3,804,875 of its $40,000,000 loan in "placement fees," plus another $881,500 in placement fees paid to Irving Trust for its $15,095,870 loan.

In eight months, Liquidonics thus lost $16,600,000 on the stock sale and $4,686,375 in placement fees, a total of $21,286,375. This does not count the interest—8½ per cent on the Banque de Paris loan, 1½ per cent over the New York prime rate for the bulk of Irving Trust's loan—or Liquidonics' own legal expenses.

Nor is that all. Before turning to the banks, Liquidonics first—in July 1968—sold $25,100,000 worth of 5½ per cent debentures, maturing in July 1983, to begin buying UMC's stock. Liquidonics paid $805,700 in underwriters' and other fees, netting $24,294,300 from the debentures (and adding $805,700 to the $21,286,375 minimum spent fruitlessly or lost later, raising Liquidonics' noninterest costs to at least $22,092,075).

WHO BOUGHT THE DEBENTURES

Sixteen purchasers—mutual funds, a Dallas bank, trusts, and individuals—bought these debentures. The major buyer was IIT, for International Investment Trust, which took $10,000,000 worth. This purchase is the one Mr. Patman alluded to (along with the $40,000,000 Swiss-bank loan) as "shrouded with foreign secrecy."

For IIT is one of the three-score duchies in the financial kingdom of Bernard Cornfeld, a former Philadelphia social worker who started from scratch in 1956 and today controls one of the world's largest financial organizations, managing assets exceeding $2 billion. Mr. Cornfeld rules it all through Investors Overseas Services, his Paris-born, Panama-chartered, Geneva-based holding company. The crown jewel is IOS' Fund of Funds, a mutual fund that invests in American mutual funds but whose shares the SEC forbids IOS to sell in America or to Americans.

Here the Liquidonics story becomes so complicated that it is necessary, in order to understand it, first to touch upon the broader issues that it involves. These issues are the locus of Mr. Patman's concern about "secret" foreign money, as well as SEC and Fed worries about their lack of control over foreign-bank loans.

In the United States, law forbids banking in secret by anonymous depositors whose accounts bear no names, only numbers identifiable solely by the depositor and the bank. Switzerland is the prime example of banking secrecy. Its banks attract besides legitimate depositors, persons whose accounts might prove embarrassing—perhaps fatal—if their own country's investigative agencies could discover them. Swiss banks are thus ready-made havens for ill-gotten dollars squirreled away by gangsters, tax evaders, foreign politicians skimming off U.S. aid funds, and the like.

SHAREHOLDERS HAVE ANONYMITY

Bernard Cornfeld is to the mutual-fund business what Swiss banks are to banking. His shareholders are guaranteed anonymity, no small inducement for, say, the Iron Curtain diplomat with access to dollars who wants to play capitalist without the folks in his politburo knowing about it.

Mr. Cornfeld boasted some months ago his IOS clients included six heads of state, whose anonymity he dutifully respected IOS now sells its mutual funds, insurance policies, annuities, and other investment programs in more than 100 countries. Investors live in nearly every United Nations country, all Communist U.N. nations included. While IOS cannot sell Fund of Funds shares here or to Americans, it is a major purchaser of American companies' shares. And its affiliates, like anyone else, can lend money to Americans.

IOS' apolitical operation, insofar as it is reflected in IIT's purchase of $10,000,000 in Liquidonics debentures, is what nettles Representative Patman. Because there is no way of knowing where IOS affiliates' money comes from, Mr. Patman says, "we have no way of knowing whether Mao Tse-tung or Leonid Brezhnev are buying into the American defense industry."

The SEC and the Federal Reserve are more concerned with another facet of Liquidonics' financing. Under Regulations G, T, and U of the Securities and Exchange Act, companies borrowing money from U.S. sources to buy stock must meet the same 80 per cent margin requirement that an individual must meet when he buys stock on credit from his broker. That is, the borrower must put up 80 per cent of the purchase price in order to borrow the other 20 per cent.

MGM'S FIGHT WITH KERKORIAN

Foreign loans evidently are exempt from these regulations, which the Fed writes and the SEC enforces. The matter arose last August, when Metro-Goldwyn-Mayer was trying to block Las Vegas multimillionaire Kirk Kerkorian's take-over attempt, which was financed partly by $62,000,000 lent to his Tracy Investment Co. by British and German banks.

MGM's lawyers argued in U.S. District Court in New York City that Tracy had posted collateral equal to only 1.5 times the loans' face amount. They said that Regulations G and T required fivefold collateral. Federal Judge Charles H. Tenney disagreed. He overruled MGM, saying that it had presented no "persuasive authority" that European banks are subject to SEC regulations.

Against this background, the complicated mechanics through which Liquidonics acquired—and then lost—control of UMC begin to make more sense. The trip into the thickets of international high finance began in July 1968.

On July 18, 1968, Liquidonics got busy. It sold its $25,100,000 in debentures, netting $24,294,300. It paid $20,545,350 of this for its first UMC shares, buying 805,700 shares from the United Corp., an investment company, for $25.50 each. United in turn took $900,000 worth of Liquidonics' debentures. That same day, Liquidonics announced a proposed offer for 1,875,000 UMC shares at $30 each, a $56,300,000 deal that would give it 51 per cent ownership of UMC.

UMC got busy too. John Morrill, its then-new president, had been scrambling to avoid Liquidonics' thrusts. He looked at 73 companies as possible merger candidates, opening exploratory talks with the Vare Corp., a diversified manufacturer. Only July 22 he wrote UMC shareholders, urging them not to act on Liquidonics proposed tender offer until the UMC-Vare merger clicked or didn't.

MERGER TALKS TERMINATED

Vare and UMC terminated merger talks in mid-August 1968. Liquidonics, which had held up on a proposed $25,000,000 Eurodollar

borrowing until UMC's status became clear, was told by its underwriters that European money markets made borrowing there inadvisable. Liquidonics that month bought another 121,600 UMC shares, paying out $3,277,421 of its debenture money on the New York Stock Exchange.

On Sept. 6, 1968, UMC directors authorized the company to start talks with Liquidonics on a possible merger. On Oct. 22, both companies' directors approved an agreement in principle to merge. Each UMC shareholder would have received $34.50 in cash and new Liquidonics stock for each UMC share held. Liquidonics would have been the surviving company.

No more happened publicly until Jan. 10, 1969. That day UMC's directors voted 10 to 1 to cancel the agreement in principle. Liquidonics cut off from merger, now had to crank up its raiding party again.

Around this time, as best as can be reconstructed, Liquidonics president N. Norman Muller went to Studebaker Worthington, Inc., a maker of automotive and other products, and inquired about merging Liquidonics into it. Studebaker's board chairman is Randolph Guthrie, but he says he was not involved in Mr. Muller's first inquiry.

"I knew Muller—I'd met him somewhere—and Muller knew the Banque de Paris," Mr. Guthrie says. "He asked me, when Studebaker turned him down, whether or not I thought the Banque de Paris might be interested in making him a loan. 'Well,' I told him, 'they're in business; go and see them.'"

Mudge, Rose has been the Banque de Paris' U.S. counsel for a long time, Mr. Guthrie says, adding: "Incidentally, it's no secret." He says Mr. Muller, not he—"I wasn't borrowing the money"—arranged the Swiss loan. Mudge, Rose became involved only because it was a normal procedure in behalf of the firm's client, Mr. Guthrie contends.

"The reason we were there, rather than Swiss lawyers," he adds, "is because these things have to be set up, because they relate to an American company and the questions of enforcement and everything else involve American law."

The Geneva bank is a branch of the Banque de Paris et des Pays-Bas, of Paris. The Paris bank, in turn, is a subsidiary of the Compagnie Financiere de Paris et des Pays-Bas (*pays-bas* means "low countries" in French), one of Europe's largest financial-industrial holding companies. The Geneva branch, in its turn, has a Luxembourg subsidiary, Overseas International Corp. (Technically, it was this subsidiary to which Liquidonics sold its controlling interest in UMC.)

With its $40,000,000 Swiss-bank commitment, Liquidonics offered to pay UMC stockholders $30 a share for up to 1,158,000 shares, or 22 per cent of UMC's outstanding shares. Liquidonics already held 941,300 UMC shares, or 18 per cent, so initially Liquidonics wasn't aiming for a majority interest.

But UMC shareholders tendered 2,300,000 shares, so Liquidonics decided to buy control of UMC. Liquidonics went to Irving Trust Co., borrowed $15,095,870 to buy the extra shares, and ultimately purchased 1,653,120 shares. Finally, after nine months and $80,000,000, Liquidonics owned control of UMC.

Mr. Guthrie says that to his knowledge neither the SEC nor the Fed ever questioned the propriety of his Swiss client's loan. If it happened, he says, "I never heard of it." He adds, however, that "the UMC people went to the SEC to complain" about Liquidonics' borrowing plans.

"These regulations—and I would say we [Mudge, Rose] are something of experts on them—are all specifically related to what a bank can do," Mr. Guthrie continues. "Now the United States obviously cannot control what a bank can do in England or France or in Italy. They could control what Americans could do in borrowing from banks, but they don't even seek to do that."

"DON'T APPLY TO FOREIGN BANKS"

Mr. Guthrie says the Fed and the SEC hold the same opinion on SEC regulations—that they don't apply to foreign banks. "I think there was one of the boys down there [at the SEC] that thought they ought to take a look at this and that maybe there was something they could do. But the opinion of people here [at Mudge, Rose] who know the law was that, 'Listen, sonny, it may be that in fact you shouldn't have loans made here [to Liquidonics], whether they're made here or abroad, but the fact of the matter is that the Congress didn't say anything about the people abroad."

To allegations that the SEC and Fed were protecting him by not moving to stop Liquidonics' foreign borrowing, Mr. Guthrie replies: "Obviously that's a misstatement. Nobody's protecting me, and I don't have any need for protection, and furthermore, the President wouldn't do it anyway."

AN INSUPERABLE BURDEN

Whatever its merits, Liquidonics' heavy borrowing proved an insuperable burden. Of the $55,095,870 borrowed last March to buy UMC stock, Liquidonics promised to repay the Banque de Paris $27,000,000 and Irving Trust $10,189,712 last Oct. 31. Another $13,000,000 was due to the Swiss bank on Feb. 27, 1970, and Irving Trust's remaining $4,906,158 was due next May 31.

Liquidonics had planned to repay those short-term loans with long-term Eurodollar loans. The financing couldn't be arranged, however, so Liquidonics began talks with two American companies that expressed interest in buying its UMC holdings. Those talks proved fruitless, the first $37,189,712 was due the two banks on Oct. 31, and Liquidonics was in desperate straits.

November passed, and most of December, with the loans still unpaid and with Liquidonics—as Mr. Guthrie sees it—faced with the possibility of bankruptcy. On Christmas Eve the Banque de Paris, and presumably Mr. Guthrie as its lawyer, held Liquidonics' feet to the Yule log.

The Banque de Paris offered Liquidonics $57,800,000 for its UMC shares—enough to enable Liquidonics to pay off both bank loans in full and release the bank liens on Liquidonics' securities. As a sweetener, the Banque de Paris lent Liquidonics another $7,000,000 in Eurodollars for working capital. This loan is due in two payments, $3,000,000 in 1972 and $4,000,000 in 1975, and bears an 11 per cent interest rate.

At this point Liquidonics had no choice but to sign on the dotted line. Its officers and directors immediately resigned their UMC posts, and Mr. Guthrie and Mr. Bullock, his law-firm colleague, joined UMC President John Morrill in the St. Louis executive lists. Liquidonics' stock, which went on the market at $5 a share in 1966 and hit $155 share in 1967, closed out 1969 at $9.50 bid, $10.50 asked on the over-the-counter market.

As for UMC, Mr. Guthrie says, "we'll obviously expand the board, put good people on it." Nothing firm has been decided yet, he adds, because "we didn't know we were going to make a deal here until Dec. 24, when we actually closed [it] . . . At the moment I am the chairman because they haven't got anybody else."

UMCs new European owners "are first-class people," Mr. Guthrie says. "This is not some, you know, fellow sitting there in some little hole-in-the-wall bank or something. This is one of the great banks of Europe."

[From the Evening Star, Feb. 4, 1970]

U.S. PROBES PUZZLE OF LOST SWISS BANK CASH

(By Jean Heller)

BOSTON.—Federal investigators have reopened a case involving an abortive attempt to drain from a secret Swiss bank account more than a million dollars which may have belonged to the Mafia. It is, officials say, one of the strangest Swiss bank cases ever encountered.

The investigators are interested in where the money in the Swiss account came from in the first place and the possibility that tax evasions were involved.

The story, which was something of a comedy of errors, was detailed in a law suit filed in Massachusetts Superior Court here five years ago.

Soon after the suit was filed, a Superior Court judge impounded every document and fact in the case, including his own identity. It is still impounded.

D.C. LAWYER INVOLVED

The case involved a suit by a Washington, D.C., attorney, Francis X. McLaughlin, against his client, Francis A. Vitello, for a $50,000 legal fee McLaughlin said Vitello owed him. The papers on the suit tell this story:

Vitello, a convicted Boston bookmaker, discovered in February 1964 that a great deal of money was missing from his secret Swiss bank account.

Vitello may have been a little unnerved by the discovery because, government sources say, there are strong indications the money was not his, but might have belonged instead to Raymond Patriarca, head of the Boston-Rhode Island Cosa Nostra. Patriarca currently is serving a five-year sentence in federal prison in Atlanta for conspiracy to commit murder.

According to government investigators, Vitello turned for advice to an old friend, John Harris, an Internal Revenue Service agent who since has been convicted of bribery in an unrelated case.

CASE NOT REPORTED

Federal officials say there is no evidence that, even though Harris knew a secret Swiss bank account was involved in the Vitello case, he ever reported the matter to the IRS. Instead, according to McLaughlin's suit, Harris and Vitello contacted Lawrence F. O'Donnell, one of Boston's top criminal lawyers, who called McLaughlin in on the matter.

McLaughlin, a former Secret Service agent at the White House, was practicng law in Washington after gaining some measure of fame in 1958 as the House of Representatives investigator who uncovered Boston industrialist Bernard Goldfine's penchant for giving expensive gifts to Sherman Adams, an aide to President Eisenhower.

Vitello and Harris met with McLaughlin in McLaughlin's office in Washington on April 2, 1964.

McLaughlin said Vitello told him he had in the Aarau, Switzerland, branch of the Union Bank of Switzerland an account of $1,216,471.22.

Someone, Vitello said, had tried to take every penny in the account and, while not completely successful, had gotten $702,000. McLaughlin said Vitello asked him to find out who took the money and get it back, but to do so without any notoriety whatsoever.

Four days later, Vitello and McLaughlin met again, this time in O'Donnell's office in Boston. At that meeting, Vitello produced documents to back up his contentions, McLaughlin said.

CALLS LETTER FORGERY

The documents included a letter to the Union Bank of Switzerland instructing the transfer of all the funds in the Vitello account, called sub-account "Boston," to the International Credit Bank in Geneva. The letter was over Vitello's signature. Vitello said it was a forgery.

Vitello also produced a March 11, 1964, statement from the Union Bank of Switzerland showing a transfer of $857,471.22 from sub-account Boston to the International Credit Bank. It was from these transferred funds, Vitello told McLaughlin, that he lost the $702,000.

McLaughlin said in his suit that he ac-

cepted a retainer from Vitello and agreed to take the case for an additional fee of $50,000 upon recovery of the money.

McLaughlin left almost immediately for Europe to investigate the matter, according to the suit, and returned April 18, 1964, to report to Vitello that the transfer of funds had been accomplished by Francis N. Rosenbaum, another Washington attorney, with help from several other people, including an official of the Union Bank of Switzerland.

McLaughlin's suit also states that Rosenbaum admitted his part in this matter on several occasions, including a meeting in McLaughlin's office at which Vitello was present, and that Rosenbaum agreed to arrange for repayment of the money.

In support of this, McLaughlin filed with his suit a letter on Rosenbaum's law firm stationery which outlined Rosenbaum's proposal for settlement. The letter had a handwritten notation by McLaughlin at the bottom of page one. It said the papers had been delivered to his office by hand at 3:15 p.m., May 22, 1964, "as per telephone report by F. N. Rosenbaum." The letter proposed a private settlement in order to avoid court action.

At this same time, Rosenbaum was a director and special counsel for a St. Louis company doing a landslide business in Navy contracts for aircraft rocket launchers.

Between 1963 and 1967, Rosenbaum and others fraudulently overcharged the Navy on the contracts and funneled more than $4 million into secret accounts in Swiss banks, one of which was the Aarau, Switzerland branch of the Union Bank of Switzerland, the same bank that had held Vitello's account.

FAILS TO COLLECT FEE

That Navy fraud has since been uncovered and Rosenbaum and three other individuals have been convicted. But at the time of the Vitello incident, no one was aware of the Navy fraud.

According to McLaughlin's suit, as soon as Rosenbaum agreed to settle, McLaughlin expected to collect his $50,000 fee from Vitello. But Vitello didn't pay, so McLaughlin sued.

But the suit had no sooner been filed than it was decided that in delicate matters like secret Swiss bank accounts, discretion was of considerable importance and the transfer of funds was not a matter to be thrashed out in public courtrooms.

A Massachusetts Superior Court judge was asked to impound the records in the case to keep them secret.

The judge responded by permitting the impounding of not only the suit, but also the clerk of court's docket sheet—and in the process, his own identity.

Federal officials, now investigating the matter, say that since an unsuccessful 1966 court petition to open the case files, they have obtained evidence that the money in the Swiss account was not Vitello's but was Mafia money. And they still want to check, as before, for possible tax evasions.

They will not discuss, however, just how they plan to go about it.

McLaughlin and O'Donnell were asked for comment on the matter, but both refused to discuss any aspect of the case on the grounds that the court's impounding procedure represented a court order for them to remain silent.

Rosenbaum's Washington office said he was out of the country and unavailable for comment. A call to Vitello was returned by an attorney who said Vitello would have nothing to say about the matter.

[From the New York Times, Feb. 10, 1970]

NIXON ASSAILED FOR ENDING AID TO A BILL ON SWISS TAX HAVEN

(By Neil Sheehan)

WASHINGTON.—Robert M. Morgenthau, former United States Attorney for the Southern District of New York, today attacked the Nixon Administration's withdrawal of support for a bill designed to curb millions in tax evasion and wholesale violation of stock and bond trading laws through secret Swiss bank accounts.

In testimony this morning before the House Banking and Currency Committee, which is sponsoring the bill, Mr. Morgenthau strongly implied that the Nixon Administration practiced two forms of law enforcement—a tough one toward garden variety crime by the poor and a lax one toward economic crime by the rich.

"It would be unfortunate indeed if the Administration's war on crime were ever to be viewed as solely a war on the crimes of the poor and underprivileged," he said. "We cannot expect the millions of these honest Americans, black and white, young and old, to pay taxes without question, if their Government is willing to overlook the fraud of these wealthy and dispowerful citizens who have discovered in foreign bank secrecy an almost totally secure means by which to evade taxes on millions of dollars of yearly income."

CHARGE OF ILLEGAL TRADING

Mr. Morgenthau charged that Bernard Cornfeld, an American businessman who operates from Switzerland, had reaped a quick $9-million profit at the height of the gold crisis in the spring of 1968 by illegally trading in gold.

He said Mr. Cornfeld had bought $50-million worth of gold through one of his Swiss-based concerns and sold it a week later for the $9-million gain.

He attempted to have a grand jury subpoena served on Mr. Cornfeld two or three months ago to question him about the alleged speculation, Mr. Morgenthau said, but Mr. Cornfeld could not be found in New York at that time.

Representative Wright Patman, Democrat of Texas and chairman of the House Banking and Currency Committee, noted that Mr. Cornfeld had been in New York on Feb. 4 to make a speech and that no subpoena had apparently been served on him by Mr. Morgenthau's successor, Whitney North Seymour Jr.

Mr. Morgenthau, a holdover from the Democratic Administration, was dismissed by President Nixon in mid-January to make way for Mr. Seymour, a Republican.

In a telephone conversation, Mr. Seymour declined to say whether or not a subpoena had been served on Mr. Cornfeld.

"The matter is still very much under active investigation, but we are not at liberty to discuss proceedings involving the grand jury," he said.

It was learned, however, that the failure of Mr. Cornfeld to receive a subpoena on Feb. 4 did not indicate any lack of interest by Mr. Seymour and his office in pursuing the investigation of possibly illegal speculation in gold by Mr. Cornfeld and his corporations.

Mr. Cornfeld is president of Investors Overseas Services, a $2.5-billion mutual fund complex.

Mr. Seymour's office was simply not aware of Mr. Cornfeld's presence in New York in time to have the subpoena served. The subpoena must be served on the recipient or his representative by a United States marshal.

Treasury officials said it was illegal for United States citizens or corporations controlled by them to trade in gold for their profit.

WRONG-DOING DENIED

Edward Cowett, vice president of the Fund of Funds, the Cornfeld-controlled company concerned, denied any wrong-doing and called Mr. Morgenthau's accusation, "Nonsense."

He said the Geneva-based mutual fund bought and sold gold in 1968 for its foreign investors and contended this was perfectly legal because the trading was not being done for Americans. Fund of Funds also publicly declared its gold trading at the time, he said.

The Nixon Administration initially supported the House committee bill and then withdrew the support after most of the nation's largest banks protested to the Treasury Department.

Will Wilson, chief of the Criminal Investigation Division of the Justice Department, said the department favored the bill in testimony at the opening of the committee hearings last Dec. 4.

Treasury Department officials had also helped the committee staff write the bill, but after meeting with the banks, Eugene T. Rossides, Assistant Secretary of the Treasury for Enforcement and Operations, said in testimony six days later that the Administration did not support the bill. He contended Mr. Wilson's testimony had been misunderstood.

A Treasury Department spokesman said today that while the Treasury supported "the objectives of the bill, we think the bill as written is too broad and would create a mountain of paper that would defeat its purpose and that the bill also has the possibility of interfering with international commerce."

Mr. Rossides told Mr. Patman in a letter yesterday that the Treasury would submit other legislation to the committee "to devise an effective program for dealing with this very serious problem" after a scheduled meeting with Swiss Government representatives in mid-March.

In a letter of reply today, Mr. Patman accused Mr. Rossides of attempting to delay action on massive tax evasion and other economic crimes through Swiss banks long enough to see the committee's bill die with the scheduled adjournment of Congress this Labor Day.

Mr. Morgenthau accused the banking community of conniving at violations of American law through secret Swiss accounts for the profit they make on the transactions as intermediaries.

"I think it's common knowledge that there are clear ties between the financial community and this Administration," he added in a statement to reporters after the hearing.

[From the Wall Street Journal, Feb. 11, 1970]

PATMAN TO PRESS HARD FOR BILL RESTRICTING FOREIGN BANK ACCOUNTS DESPITE TREASURY

WASHINGTON.—Rep. Patman, chairman of the House Banking Committee, criticized the Nixon Administration for withdrawing its support from a bill to curb the use of foreign bank accounts for illegal purposes.

The Texas Democrat made clear his intention to seek prompt passage of the legislation, regardless of the Administration's attitude.

The bill, cosponsored by a majority of the committee, had been considered fairly noncontroversial until recently. It would require U.S. citizens and other persons doing business in the U.S. to report transactions with financial institutions in countries that don't allow normal inspection of records. It also would authorize the Treasury Secretary to require American banks to maintain copies of certain transactions of customers.

Early last December, when the Banking Committee opened hearings on the bill, Will Wilson, assistant attorney general in charge of the Justice Department's Criminal Division, testified that he supported the measure.

On Dec. 10, however, in what Mr. Patman describes as "an apparent reversal of the Justice Department and contrary to previous assurances given us," Treasury Department officials asked the committee to hold up action on the bill until a Treasury task force could develop recommendations.

Mr. Patman charged yesterday that the Ad-

ministration's seeming reversal on the measure resulted from pressure that he assumes big banks put on Treasury officials in two private meetings last December.

Eugene T. Rossides, assistant Treasury secretary for enforcement and operations, said in an interview that the department "vehemently" denies charges that its position was "modified because of any alleged pressures."

Mr. Rossides said the department strongly supports the bill's "objectives" but isn't convinced that the measure represents the best way of solving the problems connected with secret bank accounts.

Mr. Rossides said the department's task force began studying the matter early last December. The study, including scheduled discussions with representatives of the Swiss government, will be completed by mid-March, he said. "We'll be available to testify before the committee then," Mr. Rossides added.

When informed of this schedule in a letter this week, Rep. Patman responded: "Mr. Rossides, your letter is quite disturbing." He added that delaying consideration of the bill to meet this schedule would make it doubtful that legislation could be passed this year.

"You are herewith notified," Mr. Patman continued, "of my intention to conclude these hearings no later than March 13" and to get the bill to the House floor "as early as possible."

In testimony before the committee yesterday, Robert M. Morgenthau, former U.S. Attorney for the Southern District of New York, reiterated his concern over the illegal use by Americans of foreign bank accounts and expressed strong support for the committee bill.

Detailed reasons for the banking industry's apparent objections to the measure haven't been stated, but banks evidently feel that one undesirable feature of the bill would be the additional record-keeping burden it would impose upon them.

Congressional sources said, however, they are convinced that the cost of copying checks and other documents that would be required under the bill would be negligible, perhaps running less than $500 per one million checks copied.

Witnesses have stated that Swiss banks are most widely used for various illegal purposes, because of the stiff bank-secrecy laws in Switzerland. But investigations also have traced similar criminal activity to banks in Panama, Nassau, Luxembourg, Liechtenstein, the Bahamas, West Germany and other countries.

[From the Los Angeles Times, Feb. 11, 1970]

PATMAN SAYS PRESIDENT GOES EASY ON BANKERS—CLAIMS POOR ARE PROSECUTED WHILE RICH TAKE ADVANTAGE OF SECRET SWISS ACCOUNTS

(By John J. Goldman and Robert L. Jackson)

WASHINGTON.—The Nixon Administration was accused Tuesday at a House hearing on Swiss bank secrecy of practicing a double standard in law enforcement—acting tough toward poor offenders while going easy on rich Wall Street bankers.

Rep. Wright Patman (D–Tex.) said the Administration, despite its pledges of tough law enforcement for all, has shied away from "stepping on the toes of somebody that's pretty important." He said he referred to the banking industry.

Patman has proposed strict legislation aimed at tighter record-keeping by U.S. banks dealing with overseas financial institutions. It is designed to help curb the illegal use of secret foreign bank accounts.

Patman and Robert M. Morgenthau, the former U.S. attorney in Manhattan, accused the Nixon Administration of softening—under bank pressure—its original endorsements of Patman's measure. It is under study by the House Banking and Currency Committee, which Patman heads.

Said Morgenthau, whose office obtained indictments of more than 75 persons for alleged criminal activities in connection with numbered Swiss bank accounts:

"I found less enthusiastic support from the Department of Justice after (John N.) Mitchell became attorney general. It was a general attitude. They were less interested in investigation of Swiss bank accounts held by people in the business community."

Morgenthau, the chief witness at Tuesday's hearing, said powerful businessmen and financiers are using Swiss bank accounts to cheat on taxes, trade stock illegally and to perpetrate frauds.

"We also have reason to believe that companies controlled by U.S. citizens may be illegally trading in gold, and information is needed to determine the dimensions of this problem," he said.

Morgenthau, a Democrat whose crime fighting record has won bipartisan praise, was replaced by the Nixon Administration last month as U.S. attorney for the Southern District of New York.

In discussing international dealings, Morgenthau revealed that his office had been investigating Bernard F. Cornfeld, who has built his Geneva-based Investors Overseas Services into a $2.2 billion financial empire.

Morgenthau said his inquiry centered on gold trading by firms controlled by Cornfeld, and possible violations of currency regulations.

He said Cornfeld, an American citizen, "made a profit of nearly $9 million by buying and selling gold in a one-week period during the spring of 1969."

Did you subpoena Mr. Cornfeld?" Patman asked.

"We were never successful in locating Cornfeld in the United States," Morgenthau said.

In New York, Whitney N. Seymour Jr., the new U.S. attorney, would not say whether a subpeona had been served on Cornfeld since Seymour took over from Morgenthau. But he said the matter was still under active investigation and he was not at liberty to discuss proceedings involving a grand jury.

Another witness, Robert R. Parker, a former American Embassy official in Saigon, said salesmen for one of Cornfeld's mutual funds attempted to solicit Americans in Vietnam in 1967 and 1968. Parker said he squelched the efforts.

In 1967, the Securities and Exchange Commission forced Cornfeld's funds to cut all ties to U.S. investors.

Patman said the Administration had gone over his bill "with a fine tooth comb" and that the Justice Department had publicly endorsed it last Dec. 4.

"But then the Administration began to pull punches," Patman charged. "We happen to know the secretary of the Treasury (David M. Kennedy), and I assume other important people, were visited by prominent New York bankers and others opposed to the bill.

"They were successful in persuading the Administration to do an about-face."

Morgenthau said:

"It is unfortunate that the domestic banks that have opposed the bill are to a large extent the very same banks that have opened foreign branches which provide secret numbered accounts to their customers, who in all too many instances are U.S. citizens intent on violating U.S. law."

[From the Washington Post, Feb. 11, 1970]

MORGENTHAU CLAIMS PROBES SLOWED BY JUSTICE DEPT.

(By Philip Greer)

The Justice Department showed "less enthusiastic support" for investigations of secret foreign bank accounts after Attorney General John N. Mitchell took office, Robert M. Morgenthau said yesterday.

Morgenthau also said that Justice asked him to postpone serving a subpoena on First National City Bank of New York in connection with another probe into foreign banks.

The former U.S. Attorney for the southern district of New York, who was ousted from his job last month, made his remarks at an impromptu press conference following testimony before the House Banking and Currency Committee on a bill to regulate the use of foreign banks by American citizens. He said that he was asked to defer enforcement of the subpoena because it might interfere with treaty negotiations between the U.S. and Switzerland.

Morgenthau insisted to reporters and before the committee that he did not know the reasons why the Nixon administration replaced him. He said however, that "We were conducting investigations into foreign bank accounts" and, he added "it's well-known that there are close ties between Wall Street and this administration."

New administrations traditionally replace U.S. attorneys with members of its own political party. Morgenthau is a Democrat.

The former prosecutor made his remarks standing alongside committee chairman Wright Patman (D–Tex.), who sharply criticized the administration for withdrawing support of the bill pending before the committee that would require U.S. banks to keep records of all transactions with foreign banks.

"The administration went over the bill," Patman said. "Every cabinet member who had anything to do with it. Will Wilson (assistant Attorney General in charge of the criminal division) said the administration was for it. Then the witnesses pulled their punches and said the administration was for its objectives, but not for the bill. During that time at least the Secretary of the Treasury was visited by prominent New York bankers. They were successful in persuading the administration to oppose the bill."

Morgenthau said the use of foreign banks to avoid U.S. tax and securities laws is growing, with American banks playing a large part in the activity.

CORNFELD SPOKESMAN DENIES GOLD CHARGE

One of the investigations left pending by Robert M. Morgenthau when he left office as U.S. Attorney for the Southern District of New York was a probe into activities of Investors Overseas Service, Ltd., the giant Geneva-based mutual fund complex.

The investigation, which Morgenthau revealed at the House Banking & Currency Committee's hearings on a new foreign bank law, centers on the company's trading in gold markets during the near-panic of 1968.

Morgenthau said that a subpoena had been issued for Bernard Cornfeld, head of the financial complex, but that the subpoena expired before it could be served.

According to Morgenthau, IOS made a profit of $9 million in one week by trading in gold.

Cornfeld, in Mexico, could not be reached for comment. Edward Cowett, senior vice president, issued a statement last night which denied that the gold transactions were illegal. The transactions, Cowett said, were made by Fund of Funds, Ltd., a mutual fund managed by IOS.

[From the Evening Star, Feb. 11, 1970]

SECRET SWISS BANK ACCOUNTS CALLED BIGGEST TAX LOOPHOLE

Use of secret foreign bank accounts probably constitutes the biggest single loophole in the entire field of tax evasion, according to a veteran investigator of hidden-funds operations involving overseas banks.

"Switzerland is a tax haven, no doubt about that," Robert Morgenthau told the House Banking Committee yesterday. "It isn't only for United States citizens—South Americans, Arab leaders, all are using Swiss banks for tax havens."

The former New York federal attorney who recently was fired by Nixon criticized the administration for what he called its withdrawal of support for a regulatory bill to curb use of secret foreign bank accounts by criminals and tax cheats.

Treasury officials have said the administration favors the bill's goals but fears it is so broad that it would do more harm than good.

The measure would require record-keeping and reports by persons maintaining accounts in foreign banks protected by secrecy laws, and by couriers who transport cash or securities to such foreign banks.

The Treasury's doubts apparently center on requirements for U.S. banks to keep detailed records, including microfilms, of checks cleared.

But Morgenthau said record-keeping provisions of the bill are essential for enforcement. He voiced concern over what he views as success of some large domestic banks in undercutting support for the legislation.

In response to Morgenthau's testimony, a Treasury Department spokesman summoned reporters and conceded that bankers had met with Treasury officials, but protested implications the bankers had forced the department to change its position.

Morgenthau said proliferation of branches and subsidiaries of U.S. banks overseas is linked with the rapid expansion of the market in Eurodollars—dollars held abroad and traded there.

"A portion of this growth is undoubtedly the result of illegal uses of foreign bank accounts," he said.

"But in many instances," he added, "these Eurodollar deposits are the result of tax loopholes that might well be plugged through legislation if the Congress had the information necessary to formulate and back up tax proposals."

Frank A. Bartimo, assistant general counsel of the Defense Department, told the committee that legislation that would help enforcement agencies get information about bank accounts could result in a tapping of money, otherwise subject to U.S. tax laws, which now escapes to numbered foreign bank accounts.

[From the New York Times, Feb. 15, 1970]

TREASURY OPPOSED TO BILL AFFECTING SWISS BANKS

(By Neil Sheehan)

WASHINGTON.—Stiff, 10-year sentences handed down here this week for a multi-million-dollar fraud that depended on the secrecy of Swiss bank accounts indicated the judiciary might be starting to take seriously the crooks in the Brooks Brothers suits.

But the Treasury Department, at the behest of the big American banks, is seeking to block passage of a bill that would make it far easier to prosecute massive economic crime by supposedly respectable businessmen.

The bill is a House Banking and Currency Committee measure to curb major tax evasion, wholesale violation of stock-market margin requirement and other securities trading laws and outright fraud by rich Americans, all under the cover of Swiss bank secrecy.

Judges have usually given lenient sentences to affluent defendants for such crimes, in contrast to rigorous punishments imposed on blue-collar criminals for run-of-the-mill felonies like burglary.

Possibly because of the growing attention economic crime has been receiving, Federal District Judge Oliver Gasch this week reflected a generally changed attitude. He sentenced Francis N. Rosenbaum, a Washington attorney with solid social and political connections, and his partner, Andrew L. Stone, a multi-millionaire furniture and munitions maker from St. Louis, to 10 years each for stealing $4.6-million from the Navy on rocket launcher contracts. Although they could be paroled far sooner, the sentence itself was considered significant.

The theft from the public treasury was perpetrated with the aid of two Swiss banks. One of them also helped the defendants smuggle $500,000 worth of rocket launchers to Europe, Latin America and possibly the Middle East, cheat on at least $5-million in taxes and ignore securities laws with impunity.

SIPHONING OPERATIONS

The investigation disclosed the banks had arranged similar siphoning operations for other prominent businessmen, including the former senior vice president of one of the 25 largest corporations in the United States. Swiss bank secrecy is frustrating prosecution in these cases as it has in numerous tax and securities frauds in the past.

The House bill would circumvent the secrecy roadblock by a number of provisions. One is a requirement that American citizens and corporations report annually to the Treasury their transactions with foreign banks that do not make records available to United States law-enforcement agencies.

Prosecutors would not have to obtain the Swiss bank records in a tax fraud, securities case or other suspected crime. The mere proof that the citizen or corporation had a secret foreign bank account that had not been reported would constitute a felony.

Treasury, Internal Revenue Service and Justice Department officials helped the committee staff to write the bill.

Will Wilson, chief of the Justice Department's criminal division, endorsed the bill when committee hearings opened last Dec. 4. Eugene T. Rossides, Assistant Secretary of the Treasury for Operations and Enforcement, and Randolph W. Thrower, Commissioner of the I.R.S., were to appear six days later.

Mr. Rossides sent the Justice Department an advance copy of his statement to the committee. The statement also endorsed the bill.

Mr. Thrower sent the committee a draft of his statement ahead of time. It said the I.R.S. "desperately" needed the bill to combat tax fraud and that the measure's record-keeping provisions would not impose an "unreasonable" burden on the banks.

In the meantime, the banks intervened. Mr. Rossides met representatives of the American Bankers Association and a number of major banks, including the Chase Manhattan, Morgan Guaranty and First National City.

On Dec. 10, he and Mr. Thrower appeared before the committee with completely different statements. The bill would be too burdensome on the banks and would interfere with international commerce, Mr. Rossides said.

SUPPORT EXPRESSED

Mr. Thrower echoed the view of Mr. Rossides. When Frank Bartimo, assistant general counsel of the Defense Department, supported the bill in testimony this week, calling it helpful in ferreting out military corruption, a Treasury spokesman said Mr. Bartimo "hasn't gotten the word" and that Treasury spoke for the Nixon Administration. The White House acquiesced.

Mr. Rossides said in a letter to the committee this week that the Treasury would submit new proposals, after a meeting with Swiss Government representatives in mid-March, which would provide a more "effective" way of attacking the secrecy problem.

Representative Wright Patman, Democrat of Texas, the committee chairman, accused Mr. Rossides of trying to delay action until the bill died with the adjournment of the incumbent Congress.

Mr. Patman and Robert M. Morgenthau, former United States Attorney for the Southern District of New York and an authority on crime and Swiss banks, contended the American banks opposed the bill from profit motives, not because the record keeping would prove unduly burdensome, as the bankers claim.

[From the Wall Street Journal, May 7, 1969]

ALSCO ADMITS FALSEHOOD IN ITS CLAIM FOR $14.7 MILLION DEFENSE-JOB EXPENSES

WASHINGTON.—Alsco Inc. pleaded guilty in Federal court here submitting a false statement to the Renegotiation Board in support of $14.7 million of expenses the company claimed were incurred in connection with a defense contract.

District Court Judge Oliver Gasch deferred sentencing of the maker of rocket launchers and other products. Court aides said a date for sentencing hasn't been set. Alsco could be fined a maximum of $10,000 for the false statement.

William D. Hurley, named president of Alsco last February after Harvard Industries acquired a 49% interest in the company, issued a statement through the company's attorney. He said the disposition of the District of Columbia action was "the first step in connection with the program being worked out with representatives of various branches and agencies of the Government, looking toward the continuation of Alsco's role as a qualified defense supplier."

Corporate headquarters of Alsco are in New York, with one division based in Akron and another in St. Louis.

Alsco and Chromcraft Corp., merged into Alsco in 1966, were indicted by a Federal grand jury here last August on charges of conspiring to obtain more than $4 million from the Government by fraud in connection with production of Navy rocket launchers. The indictment also named Andrew L. Stone, former president of Alsco, and three other individuals.

In addition to the conspiracy count, the 30-count indictment charged all the defendants with 20 counts of submitting false cost statements to the Navy, or the Renegotiation Board, a Federal agency that seeks to recover excessive profits from defense contractors. The indictment also charged two of the individual defendants in nine counts with illegally receiving kickbacks from Western Molded Fibre Products Inc., Gardena, Calif., a subcontractor for Alsco and Chromcraft.

Alsco pleaded guilty to one count of submitting a false statement to the Renegotiation Board. Normally, the other counts against a defendant who pleads guilty to one are dismissed at the time of sentencing, according to court aides.

The charges against the other defendants still are pending.

In addition, according to lawyers here, charges are pending against Alsco and certain other defendants in Federal district court in St. Louis for alleged violation of the Mutual Security Act. It's alleged that the defendants made unlicensed munitions shipments to Belgium by misdescribing such shipments as water-filter tanks.

[From the Washington Post, Oct. 14, 1969]

FOUR ADMIT BILKING U.S. IN ARMS CASE

(By William N. Curry)

Four persons, including a Washington attorney, admitted in U.S. District Court here yesterday that they conspired to swindle the United States out of millions of dollars in Vietnam arms contracts.

A minimum of $4 million in overcharges was alleged by the government in a 30-count grand jury indictment, involving charges of kickbacks, overcharges, fraud and secret Swiss bank accounts.

Francis N. Rosenbaum, a lawyer who lives at 3221 Woodland Dr. NW, was one of two men who pleaded guilty to the conspiracy charge. In addition, he and Andrew L. Stone, the former president and chief stockholder of Alsco, Inc. (formerly Chromcraft Corp.) of St. Louis, pleaded guilty to six charges of making false statements to the Department

of Defense and two charges of making false statements to the Renegotiation Board.

The board is responsible for ferreting out and recouping losses due to war profiteering.

The false statements were involved in the execution of $47 million of Navy contracts for 2.75-inch rocket launchers used in Vietnam. Alsco signed negotiated contracts (cost plus fixed profit) with the Navy during a four-year period that began in 1963.

Besides Stone and Rosenbaum, two other defendants pleaded guilty to the charge of conspiring to use "craft, trickery, deceit and dishonest means" to "hamper, hinder, frustrate, defeat, impair and impede" the Navy and the Renegotiation Board.

They were Evelyn R. Price, a former executive secretary at Chromcraft-Alsco, and Robert B. Bregman, accused by the government of running the dummy corporation set up for Alsco's benefit.

As explained by Assistant U.S. Attorney Seymour Glanzer, the essence of the government's case was this:

Alsco would purchase component parts for the launchers from subcontractors. Then the dummy corporation would "sell" these same components to Alsco at a higher price. The difference in the two prices was sent to a Swiss bank account, after the Navy had paid Alsco the higher price.

The case marks the first time that a foreign government achieved access to a secret Swiss bank account. Swiss law provides that when an official of a bank breaks a law in connection with servicing a secret account that account can be opened to investigators.

The federal indictment in the case charged that two Swiss bank officials assisted Stone and Rosenbaum in setting up dummy Swiss companies through which to funnel the stolen money into the secret accounts.

Glanzer spent 10 days in Switzerland examining the accounts.

Rosenbaum and Stone each face a maximum penalty of 45 years in jail and a $90,000 fine, Glanzer said. Bregman and Mrs. Price face possible 5-year terms and $10,000 fines.

Judge Oliver Gasch will sentence the four in about 90 days. In August, Judge Gasch fined Alsco $5,000 for its corporate role after it pleaded guilty to one charge of conspiracy.

In Federal Court in St. Louis the government has filed a civil suit against the company in an effort to get back double the amount Alsco allegedly obtained illegally by its operations.

The Navy recently awarded contracts for future rocket launchers to two other companies, after it had said only Alsco could manufacture them. The Navy signed at least one contract with Alsco even after the company was under indictment.

[From the Evening Star, Oct. 13, 1969]

FOUR PLEAD GUILTY IN ARMS FRAUD

(By Donald Hirzel)

Four persons pleaded guilty today in U.S. District Court here to charges of conspiring to defraud the government of millions of dollars in defense contracts.

The government calculated that more than $4 million in excess profits was involved.

Seymour Glanzer and Robert W. Ogren, assistant U.S. attorneys who prepared the case, termed it one of the biggest contract fraud cases in the history of the court.

Pleading guilty were Andrew L. Stone, president of Alsco, Inc., headquartered in St. Louis, his executive secretary, Mrs. Evelyn Price; Francis N. Rosenbaum, a Washington tax attorney, and Robert B. Bregman, of New York.

Stone and Rosenbaum, through their attorney, Edward Bennett Williams, pleaded guilty to nine of 30 counts in the indictment, including conspiracy and charges of making false statements and claims to the government.

Mrs. Price, through her attorney Norman London, and Bregman, through his counsel, James C. Toomey, pleaded guilty to one count each of conspiracy.

Glanzer said Mrs. Price drew up the papers for various transactions on the instructions of the others and that Bregman was involved in a dummy corporation set up in New York City.

Judge Oliver Gasch advised each defendant that he could receive a five-year prison term or $10,000 fine or both, on each count.

The judge postponed sentencing for 90 days to get a presentencing report from the court's probation department.

The pleadings concluded an intensive investigation which began when reports of fraud were investigated by the FBI in the mid-1960's.

The U.S. attorney's office estimated that fraudulent statements were made in support of $47 million in negotiated contracts with the Defense Department between 1962 and 1967 for production of rocket launchers used in Vietnam.

Glanzer said there was no deficiency found in the quality of the launchers, only in the cost.

He said the parent company, Alsco, formerly known as Chromecraft, received the government contracts and had the launchers made by one company, but created dummy companies to submit false and exaggerated claims for work costs.

Bills and payments were chanelled through these nonexistent companies and the excess profits, estimated at more than $4 million, wound up in a Swiss bank account, the government claimed.

Glanzer said the money has now been removed from the Swiss account and civil suits are pending here and in federal court in St. Louis to regain it for the government.

[From the Wall Street Journal, May 23, 1969]

ALSCO IS FINED $25,000 ON CHARGE OF ILLEGALLY EXPORTING MUNITIONS—SOME 16 OTHER COUNTS AGAINST FIRM, CONTROLLED BY HARVARD INDUSTRIES INC., ARE DISMISSED

ST. LOUIS.—Alsco Inc., currently controlled by Harvard Industries Inc., Farmingdale, N.J., pleaded guilty in Federal district court here to one of 17 counts in a Federal indictment charging the concern with unlawful export of munitions. Alsco was fined $25,000, the maximum penalty, by Judge John K. Regan.

The Justice department agreed to dismissal of the other 16 counts because, as a spokesman said, "Harvard Industries appears to have disassociated themselves with the past management of Alsco, and these are merely punitive matters in that case."

In Farmingdale, William D. Hurley, Alsco's recently named president, said all criminal proceedings against the company have been disposed of.

Mr. Hurley added he's "satisfied with the progress of the program being worked out with representatives of various branches and agencies of the Government looking towards the continuation of Alsco's role as a qualified defense supplier."

However, the Federal indictment of Andrew L. Stone, former president and chief executive officer of Alsco and his secretary, Evelyn Price, still stand and will be tried in Judge Regan's court in St. Louis. No trial date has been set. Mr. Stone and Miss Price could receive sentences of 34 years in prison, two years for each of the 17 counts. Also remaining under indictment are Amberbel Corp. and its successor, Joseph L. Wilmott & Co., New York, which, according to the indictment, exported the munitions.

The indictments charge the defendants with conspiring to ship and with shipping 2.75-inch rocket launchers for jet aircraft to Les Forges de Zeeburg S.A., a Belgian company, without obtaining export licenses or State Department approval. Eight of the counts allege shipment and eight charge use of false documents to conceal the nature of the shipment. Allegedly, the munitions were described as filter tanks or filter-tank parts. One count charges conspiracy.

In April 1968, when the Federal investigation was disclosed, Mr. Stone took an indefinite leave of absence from Alsco and put his Alsco stock in trust, precluding him from voting it. Harvard Industries then bought his 937,000 Class A common shares, a 49% interest in Alsco, for about $12 million.

U.S. GOVERNMENT VICTIMIZED—SWISS BANKERS TIED TO FRAUD

(By Jean Heller)

Federal authorities have evidence that two Swiss bankers supplied hundreds of false documents from a string of shadow companies which became the backbone of a multimillion-dollar swindle of the U.S. Government.

With the aid of the bankers, the evidence says, a group of Americans was able to channel more than $4 million into secret Swiss bank accounts before the fraud was exposed and stopped.

ALL FOUR SENTENCED

The Americans, who pleaded guilty to their parts in the fraud, were sentenced today in U.S. District Court here.

They are Francis N. Rosenbaum, a Washington attorney; Andrew L. Stone, a wealthy St. Louis businessman; Evelyn Price of St. Louis, Stone's executive secretary; Robert B. Bregman, president of Bregman Electronics, Inc., of New York; the Chromcraft Corp. of St. Louis and Alsco Inc. of Akron, Ohio.

Stone and Rosenbaum each received 10 years, and Mrs. Price and Bregman 5 years.

Judge Oliver Gasch sentenced them all to 5 years for conspiracy. Stone and Rosenbaum, in addition, received concurrent five-year terms on each of eight counts of making false statements and claims to the government.

DUMMY FIRMS ESTABLISHED

The two Swiss bankers were named as coconspirators but not defendants in the case.

The fraud has received much publicity but the evidence detailing the role of the Swiss bankers has remained in government files.

Simplified, the case worked this way: Stone and Rosenbaum were officers of a company which was the prime contractor on millions of dollars in Navy defense business.

They set up two dummy companies in the United States and fraudulently represented them as subcontractors on the Navy work. The Swiss bankers supplied those subcontractors with fraudulent bills from other dummy European firms for materials which were never ordered or shipped. The dummy subcontractors then "sold" the nonexistent material to the prime contractor, which charged the Navy for it.

SENT TO SWISS BANKS

In paying off the phony Swiss bills, Stone and Rosenbaum were able to siphon the fraudulent overcharges obtained on the defense contracts out of the country.

The money went to the Swiss bankers who routed it into the Americans' secret accounts in Switzerland.

The case was broken by Asst. U.S. Atty. Seymour Glanzer, chief of the Frauds Prosecutions Unit of the U.S. attorney's office here. He was able, through court action, to force Swiss banks to open their books and files.

A 30-count indictment was returned in August 1968 against the six defendants involved in the case. Stone and Rosenbaum pleaded guilty last October to nine counts each and the other defendants to one count each. Each count carried a maximum penalty of five years in prison and $10,000 in fines.

The indictment named as coconspirators Hans Senn, an officer and director of the Bank Fur Handel und Effekten of Zurich; that bank, and Walter A. Lips, vice director of the Union Bank of Switzerland branch

at Aarau, Switzerland. Lips has since left the Union Bank and opened his own finance and business advisory service. Senn still is employed by the Bank Fur Handel.

Swiss authorities say no charges have been filed against anyone there, but Justice Department sources here say evidence is being turned over to Swiss authorities at their request. Swiss officials refused to comment when asked if an investigation is under way.

Between February 1962 and January 1967, the Navy awarded more than $47 million in contracts for 2.75-inch rocket launchers for air-to-air ground missiles widely used in Vietnam.

The contracts were awarded on a sole-source basis, that is, to one company without competitive bidding. In the beginning, that company was Chromcraft.

In June 1966, Chromcraft and Alsco merged, and the St. Louis rocket launcher operation changed its name to the Techfab Division of Alsco. Nothing else changed, however, and the Navy continued awarding the contracts to Techfab.

Rosenbaum was a director and special counsel first for Chromcraft and then for Alsco-Techfab from January 1963 through the time the fraud was discovered and stopped in early 1967. During this period, Stone was the principal stockholder and chief executive officer of the companies.

But Macoba never shipped anything to Scientific Electronics and Scientific Electronics never shipped anything to Chromcraft.

What did happen was that Rosenbaum wrote to Senn requesting only bills for the three items. The fraudulent Macoba invoices were sent to Scientific Electronics from Europe and Scientific Electronics billed Chromcraft for the items—bills which Chromcraft represented to the Navy as legitimate costs.

FAKE OFFICE SET UP

Stone and Rosenbaum created a dummy company in Beverly Hills, Calif., and called it Scientific Electronics, Ltd. The company was nothing more than a desk and a chair and piles of letterhead stationery. It never did any business with or for anyone.

Part way through the four-year fraud, Scientific was dropped and Rosenbaum and Stone replaced it with Bregman Electronics, another dummy company.

Scientific and Bregman were the American front companies for the fraud.

There were five more front companies in Europe: Geag; Elpag, A.G.; Alwatra, A.G.; Infina, A.G. and Etablisement Macoba.

During the four-year fraud, as Chromcraft and Alsco received the Navy rocket launcher contracts, the companies assigned some of the work on the weapons to legitimate subcontractors. Those subcontractors submitted bills to Chromcraft and Techfab.

Under honest practices, these bills would have been submitted to the Navy by Chromcraft and Techfab as part of the total cost of manufacturing the launchers.

Instead, Chromcraft and Techfab submitted false invoices from the two dummy American firms, Scientific Electronics and Bregman Electronics, stating that these were the subcontractors. These bills were substantially higher than the true charges by the real subcontractors. The Navy paid the higher costs.

The Swiss bankers' complicity in the fraud can best be shown by following through one typical transaction with the Americans.

DOCUMENTS SEIZED

Among the thousands of documents seized by the Justice Department in connection with the case was an invoice from Macoba, one of the dummy European companies, dated Dec. 1, 1964. It purported to show that Macoba had sold to Scientific Electronics three pieces of equipment at a total price of $10,565.

Three Chromcraft purchase forms, dated Dec. 7, 1964, showed that Chromcraft had ordered the same three pieces of equipment from Scientific Electronics. And there were three Scientific Electronics invoices dated Dec. 14, 1964, billing Chromcraft for the three pieces of equipment at a total cost of $11,000.

Leon Schwartz, the president of Scientific Electronics, sent an air mail letter to Senn on Feb. 16, 1965. It listed 21 bills to Scientific Electronics from Macoba and Alwatra, including one for the three items, and said checks covering the bills were enclosed.

The letter to Senn said the checks, which were made out to Macoba and Alwatra, were to be "applied to your invoices."

The total of the checks referred to in the letter was $160,235.

MONEY SENT TO BANKERS

Each bill listed in that letter and in many similar letters to Senn and the other Swiss banker, Lips, represented a fraudulent invoice. Each payment in which the checks were made out to one of the five foreign front companies, was sent not to the companies, but to the Swiss bankers or their agents.

And each payment was routed into secret Swiss bank accounts for the use of Stone and Rosenbaum.

By having fraudulent invoices from Europe sent to their two dummy American subcontractors, and by "paying" those bills, Stone and Rosenbaum were able to channel more than $2.2 million into secret Swiss accounts through scientific Electronics and nearly $1.2 million through Bregman Electronics.

In addition, fraudulent invoices were sent from foreign companies to Western Molded Fibre Products Inc., of Gardena, Calif., a legitimate subcontractor for Chromcraft and Alsco. Western Molded paid the bills although the materials listed on the invoices never were sent.

In that manner, Western Molded paid $663,481 in kickbacks to Stone and Rosenbaum. That money, too, was routed into their Swiss accounts.

A source within Western Molded first tipped off the Navy to the possibility of kickbacks. That alone would have been a violation of the law. The Navy relayed the information to the Justice Department and eventually the whole scheme was uncovered.

[From the Washington Post, Feb. 11, 1970]

U.S. DATA REVEALS SWISS BANKERS' ROLE IN ROCKET LAUNCHER FRAUD

(By Jean Heller)

Federal authorities have evidence that two Swiss bankers—fully aware that they were accomplices in a fraud—supplied hundreds of false documents from a string of shadow companies which became the backbone of a multi-million-dollar swindle of the U.S. government.

With the aid of the bankers, the evidence shows, a group of Americans was able to channel more than $4 million into secret Swiss bank accounts before the fraud was exposed and stopped.

The Americans, who pleaded guilty to their parts in the fraud, received prison sentences in U.S. District Court here yesterday.

They are Francis N. Rosenbaum, a prominent Washington attorney; Andrew L. Stone, a wealthy St. Louis businessman; Evelyn Price of St. Louis, Stone's executive secretary, and Robert B. Bregman, president of Bregman Electronics, Inc., of New York. Two companies—the Chromcraft Corp. of St. Louis and Alsco, Inc., of Akron, Ohio—had previously been fined.

The two Swiss bankers were named as co-conspirators but not defendants in the case. The $4 million channeled into secret Swiss bank accounts has not been recovered.

The fraud has received much publicity, but the evidence detailing the role of the Swiss bankers has remained in government files.

The case, officials said, is just one example of the hundreds of frauds and tax evasions believed carried out each year with the knowledge and aid of discreet foreign bankers.

Simplified, the case worked this way: Stone and Rosenbaum were officers of a company that was the prime contractor on millions of dollars in Navy defense business.

They set up two dummy companies in the United States and fraudulently represented them as subcontractors on the Navy work. The Swiss bankers supplied those subcontractors with fraudulent bills from other dummy European firms for materials that were never ordered or shipped. The dummy subcontractors then "sold" the non-existent material to the prime contractor who charged the Navy for it.

In paying off the phoney Swiss bills, Stone and Rosenbaum were able to siphon the fraudulent overcharges obtained on the defense contracts out of the country.

The money went to the Swiss bankers who routed it into the Americans' secret accounts in Switzerland.

Government officials here say estimating the number of dollars fraudulently channeled into foreign bank accounts each year "defies imagination," but certainly runs into the hundreds of millions.

They say they find it almost impossible to break up such schemes unless someone on the inside cooperates.

The Navy fraud case was broken by Assistant U.S. Attorney Seymour Glanzer, chief of the Frauds Prosecutions Unit of the U.S. Attorney's office here. He was able, through court action, to force Swiss banks to open books and files.

A 30-count indictment was returned in August, 1968, against the six defendants involved in the case. Stone and Rosenbaum pleaded guilty last October to nine counts each and the other defendants to one count each.

The indictment named as co-conspirators Hans Senn, an officer and director of the Bank Fur Handel und Effekten of Zurich; that bank, and Walter A. Lips, vice director of the Union Bank of Switzerland branch at Aarau, Switzerland. Lips has since left the Union Bank and opened his own finance and business advisory service. Senn still is employed by the Bank Fur Handel.

Swiss authorities say no charge have been filed against anyone there, but Justice Department sources here say evidence is being turned over to Swiss authorities at their request. Swiss officials refused to comment when asked if an investigation was under way.

Between February, 1962, and January, 1967, the Navy awarded more than $47 million in contracts for 2.75-inch rocket launchers for air-to-air ground missiles widely used in Vietnam.

The contracts were awarded on a sole-source basis, that is, to one company without competitive bidding. In the beginning, that company was Chromcraft, which billed itself as "The Distinguished Name in Dinette Furniture."

In June, 1966, Chromcraft and Alsco merged, and the St. Louis rocket launcher operation changed its name to the Techfab Division of Alsco. Nothing else changed, however, and the Navy continued awarding the contracts to Techfab. The fraudulent overcharging on the defense contracts continued.

Despite the overcharging, the Navy received the rocket launchers and has voiced no complaints about the quality of the work.

Rosenbaum was a director and special counsel first for Chromcraft and then for Alsco-Techfab from January, 1963, through the time the fraud was discovered and stopped in early 1967. During this period, Stone was the principal stockholder and chief executive officer of the companies.

Stone and Rosenbaum were the prime movers in the fraud. They created a dummy company in Beverly Hills, Calif., and called it Scientific Electronics, Ltd. The company was nothing more than a desk and a chair and piles of letterhead stationery. It never did any business with or for anyone.

Part way through the four-year fraud, Scientific was dropped and Rosenbaum and Stone replaced it with Bregman Electronics, another dummy company. Scientific and Bregman were the American front companies for the fraud.

There were five more front companies in Europe: Geag; Elpag, A.G.; Alwatra, A.G.; Infina, A.G. and Etablisement Macoba.

During the four-year fraud, as Chromcraft and Alsco received the Navy rocket launcher contracts, the companies assigned some of the work on the weapons to legitimate subcontractors. Those subcontractors submitted bills to Chromcraft and Techfab.

Under honest practices, these bills would have been submitted to the Navy by Chromcraft and Techfab as part of the total cost of manufacturing the launchers.

Instead, Chromcraft and Techfab submitted false invoices from the two dummy American firms, Scientific Electronics and Bregman Electronics stating that these were the subcontractors. These bills were substantially higher than the true charges by the real subcontractors. The Navy paid the higher costs.

Although no formal charges have been filed anywhere against Senn, Lips or either bank, government files show that the two bankers supplied the fraudulent documents that became the backbone of the Rosenbaum-Stone swindle, knowing the documents were false and were being used in a crime.

The Swiss bankers' complicity in the fraud can best be shown by following through one example transaction with the Americans.

Among the thousands of documents seized by the Justice Department in connection with the case was an invoice from Macoba, one of the dummy European companies, dated Dec. 1, 1964. It purported to show that Macoba had sold to Scientific Electronics three pieces of equipment at a total price of $10,565.

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And each payment was routed into secret Swiss bank accounts for the use of Stone and Rosenbaum.

Also included in the material seized by the Justice Department were invoices from Macoba to the second American dummy subcontractor, Bregman Electronics. Macoba's letterhead said the company was located in Vaduz, Liechtenstein. But the envelopes neatly stapled to the bills to Bregman Electronics were postmarked Zurich, Switzerland, the home of Senn and the Bank Fur Handel.

By having fraudulent invoices from Europe sent to their two dummy American subcontractors, and by "paying" those bills, Stone and Rosenbaum were able to channel more than $2.2 million into secret Swiss accounts through Scientific Electronics and nearly $1.2 million through Bregman Electronics.

In addition, fraudulent invoices were sent from foreign companies to Western Molded Fibre Products Inc., of Gardena, Calif., a legitimate subcontractor for Chromcraft and Alsco. Western Molded paid the bills although the materials listed on the invoices never were sent.

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[From the Los Angeles Times Feb. 11, 1970]

4 SENTENCED IN FRAUD ABETTED BY 2 BANKERS

WASHINGTON.—Two Americans received maximum prison sentences Tuesday for master-minding a multimillion-dollar fraud against the U.S. government—a fraud supported for four years by a steady flow of phony documents supplied by two Swiss bankers.

Two other Americans also were sentenced for supporting roles in the fraud.

U.S. Dist. Judge Oliver Gasch sentenced Francis N. Rosenbaum, 54, a prominent Washington attorney, and Andrew L. Stone, 54, a wealthy St. Louis businessman, to 10 years in prison each for their starring parts in the fraud involving $47 million in Navy defense contracts.

With the aid of the two Swiss bankers, Rosenbaum and Stone funneled $4 million in kickbacks and fraudulent overcharges into secret Swiss bank accounts. The money has not been recovered.

Evelyn Price, Stone's executive secretary, and Robert B. Bregman, 63, president of Bregman Electronics, Inc., of New York, were sentenced to five years in prison each for their parts in the fraud.

The federal indictment against the four also named as defendants, Alsco, Inc., of Akron, Ohio, and the Chromcraft Corp. of St. Louis. The two companies merged in 1966 and Alsco, the surviving company, answered for both firms in earlier court proceedings.

It pleaded guilty to its part in the fraud and was fined $10,000.

[From the Lost Angeles Times, Feb. 22, 1970]

HOW U.S. ACCOUNTS AID BLACK MARKET—PROBE REVEALS THE REAL NATURE OF "INNOCENCE" AND "PRYSUMEEN"

(By John J. Goldman and Robert L. Jackson)

WASHINGTON.—Early in February, 1965, a small round-faced Hong Kong "gem merchant" named Suyed Ameen opened a bank account by mail at the Manufacturers Hanover Trust Co. in New York.

It was called the Prysumeen account; its cable address was "Innocence."

There was nothing very innocent about the money going through the account, congressional investigators say.

For more than four years, according to testimony before a Congressional committee, it functioned as a huge funnel for black market dollars flowing mainly from Vietnam but also from Hong Kong, Singapore, Switzerland, Africa and the Middle East. More than $51 million changed hands—some of it collected secretly at an Indian mosque in downtown Saigon.

The Prysumeen account's 200 users included an Omaha architectural consultant, a San Francisco construction supervisor and an entrepreneur couple from Scottsdale, Ariz.—all working in Vietnam.

Doan Quoc Sy, a Vietnamese student who was brought to Washington at U.S. expense to study social science, used the account. So did 10 corporations doing business with the U.S. government. They deposited $725,000.

The Beirut branch of the Narodny Bank of Moscow received money from the Prysumeen, which government sources say it paid to a small Mideast charter airline suspected of smuggling gold.

"Prysumeen was just a little chunk of what was going on," said Robert R. Parker, former head of the American Embassy's irregular practices committee in Saigon.

Parker and other experts estimate hundreds of millions of dollars in fast illegal profits have been made through accounts like Prysumeen. Such transactions have sapped the strength of the Vietnamese economy, which is largely supported by American taxpayers, they say.

Such accounts, typically, worked like this:

A U.S. construction worker assigned to a job in Saigon would write a check against his own U.S. bank account and make it payable to Prysumeen. He would give this check to a collector for the operation in Saigon, who in turn would see that it got to New York for deposit in a code-named account.

When the money was deposited, the collector in Saigon would be notified by cable. The American construction worker then would be paid about twice the number of Vietnam piasters to which he would be entitled if he exchanged his dollars through normal channels.

As a result, the worker would obviously have more spending power in Saigon. The money changer, meantime, would have a good supply of dollars stashed away in a secure place outside of Vietnam. It's suspected that many of these dollars were used to buy gold.

Prysumeen now has become a principal symbol in a struggle between banking interests and some enforcement officials—a potential source of embarrassment to the Nixon Administration, which has pledged its dedication to law and order.

The Administration has been accused by Rep. Wright Patman (D-Tex.) and others of yielding to pressure from big banks and softening its position on legislation which would make accounts like Prysumeen easier to detect.

The Treasury Department has been meeting with executives of banks while two critical congressional committees—the Senate subcommittee and Patman's House Banking and Currency Committee—are seeking to eliminate the illegal use of unwitting banks.

Says Sen. Abraham A. Ribicoff (D-Conn.), acting chairman of the Senate subcommittee:

"There has obviously been a great deal of laxness on the part of our intelligence community, our Treasury Department and also various banks."

John Petty, assistant Treasury secretary for international affairs, offers a softer view. "You don't want to turn the bank into a policeman or stool pigeon," he told The Times. "On the other hand, you want the bank to be responsible and offer confidential service."

In Vietnam, the black market in currency is easy to find. At the lowest level, money

changers operate from news stands, street corners, tailor shops and book stores.

They work boldly and with near immunity. There is even a citizen of India, nicknamed "The Ambassador," who shows up regularly to pay the fine whenever one of his money-changers is arrested.

U.S. officials estimate the volume at $150 million a year. They say the market's top operatives are a group of Indian businessmen—many of them Muslims—who come from the state of Madras. They have unpretentious offices in Saigon and Hong Kong. Ameen—who opened the Prysumeen account—was a member of this group.

Ameen originally wanted to call his account "Good Luck" when he wrote the Manufacturers Hanover Trust Co. at 44 Wall St. in Manhattan. But showing thoroughness, he also suggested seven alternate code names for the account—Freeman, Goodman, Waterman, William, Wilson, Victor and Vincent.

The bank wrote back that all these designations including "Good Luck," were already being used by other depositors. After some discussion, executives at Manufacturers Hanover suggested "Prysumeen"—an anagram of Ameen's and some of his partner's names.

"We are pleased to assist you in this matter," wrote Paul D. Lucas, one of the bank's vice presidents, "and look forward to serving you through the means of this new account."

To get in touch with Ameen, Manufacturers Hanover would cable "Innocence," in care of Post Office Box 2728, Hong Kong.

Lucas and others at the bank had never met Ameen or his partners. They relied on credit references from a Hong Kong bank and written assurances from Prysumeen's operators that they would not violate U.S. Treasury Dept. regulations by dealing with Red China or North Korea.

The account was busy from the first. Some $4.5 million flowed through it the first year; $7.9 million in 1966; $21.9 million in 1967, and $16.7 million in 1968.

Ameen complained regularly about delays and other alleged deficiencies in the bank's recording of deposits. Bank officials took pains to investigate and answer each written complaint.

It wasn't until Vietnamese police raided an Indian mosque in Saigon in late 1967 that U.S. officials learned of Prysumeen. The police found $83,000 in U.S. postal money orders in the mosque, plus checks and receipts showing transfers to the Prysumeen account, according to the Congressional testimony.

CHECKS TRACED

Gradually, by tracing the checks, it became clear how the account was being used.

Officials say the mosque was just one collection point in an international network. An American businessman in Saigon, for example, would give a money changer a check payable to "Prysumeen"—or even a check left blank on the payee's line.

Other depositors simply instructed their banks in the United States to transfer funds to the Prysumeen account—and the payoff in piasters took place in Vietnam after the transfer was made.

Where the money went once it reached Prysumeen is not precisely known. But federal investigators estimate that 82% of the $51 million went to banks in the city of Dubai, an Arab sheikdom on the Persian Gulf. Dubai, a seaport, is known for its gold smuggling.

Government experts believe this black market currency was converted into gold bullion or trinkets, then smuggled back into Vietnam or into India for safe-keeping.

Other funds from Prysumeen went to Swiss and Hong Kong banks, and in one instance to the Lebanese branch of the Narodny bank of Moscow.

Presumably, the leaders of the organization figured to profit through further speculation with the dollars or gold.

DIVERSE GROUP

Prysumeen's depositors were a diverse group drawn together by some common desires. Many, like Branden H. Backlund, an Omaha architectural consultant, were simply intent on cutting expenses in Vietnam.

Backlund, who put $20,000 into Prysumeen, told Ribicoff's Senate subcommittee he was introduced to a money vendor by Jack E. Sutherland, a well driller employed by the U.S. Agency for International Development (AID) in Saigon.

"This money exchange is an awful pain," Backlund wrote in his diary, describing the problems of dealing in Vietnam. "Must keep my briefcase in hand at all times, awake or asleep."

Ray and Isobel Evans of Scottsdale, who have sold supplies to military clubs and messes since the Korean war, declined to answer Senate questions about $243,000 they deposited in Prysumeen over a three-year period.

OTHER DEPOSITORS

Records show other depositors included at least two Swiss banks, the Italian Embassy in Saigon and Star Distributing Co., principal distributor of the Pacific edition of Stars and Stripes.

At its peak, traffic in the Prysumeen account totaled $1.5 million a month in 1968, congressional records show. But for such a large operation, Prysumeen's owners in Hong Kong were rather modest, plainly dressed men.

"Ameen was very polite," said Carmine S. Bellino, a veteran Senate investigator who traveled to Hong Kong. "He had a sort of nostalgic attitude on the whole thing. He said he was just the manager of the Precious Trading Co."

Lavern J. Duffy, assistant subcommittee counsel, added: "It was all very mysterious. They would not give us any information on how they dealt with New York."

Bellino and Duffy also interviewed Ameen's partner, Moulathambi Ohadhu, who goes by the name "Thambi." The interview took place in Hong Kong's Dragon Seed building. But they were unable to locate the reputed leader of the Prysumeen syndicate—B.S.A. Rahman, 42, a wealthy Indian with interests in shipping, textiles, precious stones and motion pictures.

STRONG CLUES

Government investigators say Manufacturers Hanover Trust should have had strong clues to the Prysumeen account's true activity.

One clue was the frequency of deposits in round numbers. Normal business generally isn't conducted that way. Another clue was letters from Prysumeen containing repeated concealed identities of persons or firms. "Our friend" was a favorite phrase Ameen used in writing the bank.

"Since many of the checks came from Vietnam, the bank officials must have understood that the account was a conduit for black market currency," Bellino said.

"Manufacturers Hanover had an office in the Philippines and people went to Hong Kong regularly. It would seem stupid for them not to know what's going on."

Adds Robert M. Morgenthau, the former U.S. attorney for the southern district of New York, whose office was involved in the Prysumeen investigation:

"The bank was operating a very questionable account, and it asked no questions."

Manufacturers Hanover Trust declined to discuss the Prysumeen account with The Times other than to say it was closed at Ameen's request last March—coincidental with government investigations. The bank told the Senate committee that Prysumeen was only one of 5,000 international accounts.

ACCOUNTS FLOURISHED

Congressional investigators say black market accounts flourished in at least seven American banks, but Prysumeen and three other accounts owned by the same men were the largest.

Their discovery clearly has raised two issues: What degree of confidentiality should exist between bankers and customers, and should banks be more law enforcement conscious?

These and other issues will be taken up when Ribicoff renews hearings on the black market early next month, and when Patman resumes hearings on his bill to tighten record-keeping and reporting by banks that deal with foreign financial institutions.

The Patman bill is not only aimed at reducing illegal uses of numbered Swiss bank accounts by Americans, but it would require banks to keep more thorough records of code-named U.S. accounts like Prysumeen.

DISTRICT AREA BANKERS NOT CO-OPERATING IN PUBLIC SERVICE EFFORTS OF CREDIT UNIONS

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

Mr. PATMAN. Mr. Speaker, every payday, credit unions throughout the Washington metropolitan area are called upon to cash thousands of payroll checks for both Federal and private employees. One of the biggest reasons that the credit unions are utilized by the employees is that the employee does not normally have to leave the premises to cash the check, thus not only saving the employee time but saving his employer, which in most cases is either the Federal or District of Columbia government, thousands of man-hours a year.

Of course, in order to cash these payroll checks, area credit unions must have large sums of cash on hand. In order to obtain these funds, the credit unions must borrow on a short-term basis, normally 1 or 2 days, from commercial banks in the area.

The credit unions perform the check-cashing services, for the most part, as a public service to the credit union members and in many cases do not even charge a service fee for the check cashing. Thus, in some cases the credit unions may actually lose money in performing this service but do so because it is the tradition of the credit union movement that these facilities operate not for profit but for service.

Unfortunately, some of the commercial banks in the Washington metropolitan area do not share the public spirit of the credit unions in the area. These banks have been charging annual rates as high as 7½ percent on a 2-day loan to credit unions. And, it has been reported to me that three other credit unions located in the District of Columbia were required to pay 7 percent for payday cash.

I realize that the banks are not in the business to give money away but since these are extremely short-term loans and are virtually fully secured by the fact that the paychecks will quickly be converted into cash by the credit unions, there is no reason why the banks should charge such a high rate, unless these bankers, realizing that the credit unions want to continue to perform this public

service of borrowing checkcashing funds, are using the credit unions' needs to force a higher interest rate.

Since most of the payroll checks involved are from the Federal Government, I see no reason why credit unions should not be able to borrow payroll cash from either the Treasury or the Federal Reserve System at a rate equal to that granted commercial banks for short-term loans. Since the Government is receiving a major benefit from having credit unions cashing these checks, I do not feel it is asking too much to have the Government lend some assistance.

I sincerely hope that both Secretary of the Treasury Kennedy and Federal Reserve Board Chairman Burns will look into the possibility of making these 1- to 2-day check cashing loans available to credit unions at a reasonable rate.

BILL O'BRIEN, ASSISTANT DIRECTOR OF THE BUREAU OF FEDERAL CREDIT UNIONS, DIES

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

Mr. PATMAN. Mr. Speaker, Bill O'Brien, who had been one of the guiding forces behind the consumer education programs developed by the Bureau of Federal Credit Unions, died last Friday in Suburban Hospital, Bethesda, Md., following a heart attack.

At the time of his death, Mr. O'Brien was Assistant Director for Education and Training for the Bureau and was the head of the Project Moneywise Task Force, a program to train low-income credit union leaders.

O'Brien and the task force were the recipients of numerous commendations and awards within the Department of Health, Education, and Welfare for the development and implementation of consumer training programs for leaders of low-income communities. The training combined general consumer topics with a concentrated course in credit union philosophy and operations.

O'Brien was named to head the task force in 1966. In 1967, he and the other members of the group received the Secretary's Special Citation from John W. Gardner, then Secretary of Health, Education, and Welfare. The group has also been recognized for superior performance by the Social Security Administration and the Bureau of Federal Credit Unions.

O'Brien came to Washington, D.C., to head the task force from BFCU's Boston regional office, where he had been associate regional representative since 1962. He joined BFCU in 1955, after serving with the Veterans' Administration, the Department of the Navy, and the Internal Revenue Service. He served with the U.S. Army Air Force in 1941–45, and had worked for the Federal Government briefly prior to that time.

O'Brien was born in South Boston, Mass., and attended Boston College and Boston University. He is survived by his wife, Anita, and two daughters, Rojean and Lael, all of the home address, 14007 Drake Drive, Rockville, Md., by four sisters, and by his mother, Mrs. Anna Marie O'Brien, all of Boston.

The credit union movement has lost a great friend but his contributions to credit unions throughout the country will long be remembered.

LEW DESCHLER: GUIDING LIGHT OF THE HOUSE

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

Mr. PATMAN. Mr. Speaker, it is certainly fitting that we in the House pay tribute to the more than 40 years of outstanding service rendered by our distinguished and beloved Parliamentarian, Lew Deschler. I would like to join my colleagues in expressing my unbounded respect and admiration for him and for his wonderful guidance through the years.

In the more than four decades I have served with Lew Deschler, I have become firmly convinced that he is the world's greatest authority on the legislative process, and this is an opinion which has been shared by all of the great Speakers with whom he has worked so ably. During my time in the House, I have witnessed many stormy sessions which severely tested our rules of procedure. There have been many moments when I wondered whether we would be lost in procedural turmoil and powerless to reach a decision on matters which required immediate action. In every case the remarkable knowledge, ability, and judgment of our Parliamentarian have met the test and served as a beacon which has guided this House through difficult moments.

Mr. Speaker, it is often said that one of the greatest pleasures a man can have is pride in a job well done. I believe that this is true and that our Parliamentarian can find rich satisfaction in the knowledge that he has served in a critical and demanding position and that he has served in a critical and demanding position and that he has served with unprecedented ability and distinction. The words we say can probably add little to this, but I do want Lew to know how much I appreciate his meaningful contributions to the accomplishments of the House. We will continue to need him in the future, and I hope we will have the benefit of his wise and expert counsel for many more years to come.

PEOPLE BEING BULLDOZED IN CHARLESTON, W. VA.

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

Mr. HECHLER of West Virginia. Mr. Speaker, the roar of the bulldozer is drowning out the cries for help from people living in the paths of the planned routing of three interstate highways through Charleston, W. Va., the capital city of my great State. I wish to enclose a copy of my telegram to President Nixon urgently requesting a new and independent review of interstate routing through the city with a view to bypassing Charleston. I also wish to include a copy of Nicholas von Hoffman's commentary, entitled, " 'Destruction,' Construction," which appeared in the March 11 issue of the Washington Post.

Mr. von Hoffman's article gives an excellent insight into a particular urban renewal plan and how such a plan can be used and misused to the detriment of powerless, underprivileged people without a spokesman. There are many lessons to be learned from this experience, and we may only trust that we can reverse the mad rush to deprive many human beings of their rightful stake in a humane existence. The material follows:

TELEGRAM TO PRESIDENT NIXON—MARCH 5, 1970

The emphasis which you so well expressed in your state of the Union message, and subsequent statements on the environment, plus the determination of millions of Americans that we must take steps to protect our environment, prompts this highly important request.

There is an urgent necessity for a new and independent review of interstate highway routing through West Virginia's State capital city, Charleston, with a view to bypassing the city of Charleston. West Virginia's greatest assets are its people and our opportunity to provide a clean and attractive environment. Current plans for gouging out the valuable homes and businesses of a beautiful city to bulldoze three interstate highways—64, 77 and 79, which split up the city of Charleston, is not in the public interest. In the triangle area of Charleston, people are being ruthlessly pushed aside with no adequate housing provided for them, even though an alternate route a few hundred yards to the north would save a majority of the homes and businesses. In the Crede area, a route has been selected which is not defensible in terms of a feasible alternative available which would be far cheaper, more direct and less disruptive.

We are building highways which affect thousands of people in future generations. The mad rush to complete these highways on the basis of bad routing decisions made some years ago is to admit that we are powerless to recognize the imperative need to change because of new environmental factors which are now more urgent.

Consider the choking effects of the rising air pollution in the Kanawha Valley. Consider the added air pollution of the thousands of trucks and autos in the mixing bowl of Charleston where the Interstate Highways converge.

Human beings have the divine right to live, to breathe fresh air, and not be arbitrarily bulldozed out of their homes to serve decisions made when we were not cognizant of current facts and priorities.

I therefore strongly urge that the Interstate Highways by-pass rather than bifurcate Charleston, W. Va., and that you direct the Secretary of Transportation to make a fresh review of such a re-routing. To those who now claim that such a bold, new course of action is too late, I would suggest it is never too late in a democracy to proclaim that the people are indeed masters of their own destiny.

KEN HECHLER,
Member of Congress.

[From the Washington Post, Mar. 11, 1970]

"DESTRUCTION" CONSTRUCTION

(By Nicholas von Hoffman)

CHARLESTON, W. VA.—The diesel animal with caterpillar feet looked like a famished, steel-toothed hippopotamus. It would lift up its toothy mouth, grab a hunk of wall or a slice of roof, shake it and yank it, pull it off the building, and slam it on the ground

and then run back and forth over it with its metal treads.

The hippo was demolishing buildings to make way for the soon-to-be-built Interstate 77. Its ferocious foraging among the small, shingled houses where black people once lived demonstrates how little practical connection the words of national politicians have with the operations they run. On every level the destructive grazing of the hippo should not have been permitted.

I–77 is absorbing valuable flatland, of which there is too little in hilly Charleston. There is no reason for it since the highway could have been built over a railroad right of way. This lack of economy extends to the wasteful hippo discharging gas, noise and energy into the air as it tears and rips, insuring that not one usable piece of wood will be salvageable from the ruin it causes.

I–77 will stand next to an urban renewal project on which there will be housing for low-income and old people and this will breed a new misfortune. Charleston is built in a narrow valley along a river where for 50 miles chemical plants discharge odorous, sulphurous, particulate ordure into the air where, sheltered from winds and strong breezes, it stays, bestowing sinusitis and emphysema on the wheezing populace. The people in the housing projects will be twice blessed for they will not only have the filthy air everyone must breathe, they will also have the fumes from the huge semis dragging their awesome tankards of chemicals out of Kanawha Valley to industrial customers far away.

The renewal plan itself is an assault on all we've learned about cities as well as what we're repeatedly told is public policy. The chosen instrument for carrying it out is total clearance. There are no provisions for the people who live or do business there to fix up their buildings.

They all must surrender their land, as *Architectural Forum* pointed out in a recent article, to such organizations as the Society of Colonial Dames and Beni Kedem Shrine. One of the original objections to urban renewal, one that was made a generation ago, was that it attacked the integrity of private property by taking a man's house and reselling it for another private purpose. As the plan here shows, this attack on the confidence people can have in ownership continues under the conservative George Romney, as it has under his liberal predecessors.

Aside from the favoritism and the unfair enrichment of real-estate racketeers which has been inseparable with urban renewal since its inception, the Charleston program folds back a point of view renewal planners can't rid themselves of; it's a distrust of the small efforts of many individuals. Instead, there is a desire to sweep everything clean.

The idea of using public money and public power to create a framework within which individuals can invest, improvise and build as may suit their needs and fancies is absent. The urban-renewal agency here pushes ahead with its projects when there are extensive sections of the city without paved streets, parks, sewers or even fire hydrants. The local planners and the people who okay and pay for these things in Washington prefer to use the big muscle, to let the steel hippo loose and proceed in the most wasteful fashion possible.

Everything they do engenders the maximum expenditure of energy. The relocation plans call for moving flatland people up into the hills and hollows, which they dislike and which frightens them. They resist with an angry energy discharge.

This administration has made much noise about bringing government to the people. The President even went yahooing off to Indiana to manifest the carrying out of this principle in his royal person, but read what the Charleston Urban Renewal Agency told HUD would be the nature of citizen participation here:

"Such participation can be too extensive resulting in confusion to the administration of a project. On the other hand, too little participation by affected citizens can result in belligerence toward Urban Renewal activities . . . involvement . . . gives residents the opportunity to actually participate in the improvement of their community. An example of resident involvement is a clean-up campaign whereby existing vacant lots can be cleared of dangerous rubbish, rusty nails, glass, etc. Of course, resident involvement in such aspects as planning, and other technical areas is not feasible, although creditable ideas from residents may well be considered and possibly used . . . mass meetings, it is recognized . . . can get out of hand with audience participation. Therefore, these meetings will include panels, speakers, etc. which do not require audience participation. Mass meetings will be infrequent . . ."

Under this method the role of the resident is to occupy a seat in the cheering section, a proposition which was proved out when local people hired an out-of-town planner whose technically feasible ideas were ignored. His propositions were of a low energy type, the kinds of things that rest on the slow perfection of individual endeavor and the quiet progress of the small neighborhood group.

The low energy, slow yield program that puts its emphasis on the efforts and thoughts of single people is inimical to the kind of administrator spawned by HUD. Yet it is he who must be renewed and made to understand that his kind of program not only doesn't work, as two decades show, but creates waste on a scale the society no longer can tolerate. The politicians would have us think that pollution control is merely a matter of spending money to clean up lakes and forests, a job that can be accomplished by the simple expenditure of money, but this city illustrates that's not so. Our whole way of doing business, of planning, of administration must change to insure that energy expenditure is kept low and that when we do spend our calories, it's done economically, on a one-time-only basis, so that it lasts, so that the product is usable and the hippos are kept quietly in the zoo.

ENVIRONMENT: THE CHALLENGE OF THE FUTURE

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

Mr. TEAGUE of California. Mr. Speaker, I call to the attention of my colleagues the following speech which Mr. Ellis L. Armstrong, Commissioner of the Bureau of Reclamation, addressed to the Channel City Club in Santa Barbara, Calif., entitled "Environment: The Challenge of the Future":

ENVIRONMENT: THE CHALLENGE OF THE FUTURE

Any discussion of environment as a challenge of the future must be preceded by a definition of environment. What are we talking about?

Do we mean the geophysics of the world or any particular segment of the world as it exists today? Do we mean the manmade circumstances of living in this fast-moving civilization as we now have it? Or do we mean the natural environment in its pristine state when Adam and Eve first arrived in the Garden of Eden?

I believe any meaningful definition of environment as we relate it to today's circumstances and to the future must be a combination of the geophysical and the manmade surroundings we presently enjoy or decry depending on our individual circumstances and outlook.

But to put things in a proper perspective we must look backwards somewhat, maybe not as far as the Garden of Eden, but at least to the coming of man to this continent. Would we trade the country we know today for the land primitive man found presumably when he crossed the Bering Straits to become the original American?

Or consider Santa Barbara's own beginnings. The Mission of Santa Barbara which was established less than two centuries ago, is a delightful place and a historic treasure. But would any of you really want to go back to the environment of that day?

Santa Barbara is as good an example as I know of how man has worked with and used the favorable circumstances of the natural environment to carve out a delightful place to live.

Nature has contributed many favorable physical circumstances, bright warm sunlight most of the time, a limitless ocean for a front yard, a prevailing west wind which uses that ocean to air condition your city and a fertile coastal plain with the backdrop of the Santa Ynez mountains.

There was just one little problem. Nature neglected to provide a natural water supply which was a necessary catalyst to make all these other ingredients useful to man. And it was only the ingenuity of man utilizing his ability to think and to reason, which made possible a potable supply of water to make your city the garden spot it is today.

The founding fathers of the Santa Barbara mission first found it necessary to dam Mission Creek to supply water to make possible the growing of crops in the fertile fields. Soon population in the area increased to the point where a simple stream diversion was not sufficient. Springs were tapped and conveyance systems constructed. Wells were drilled into the coastal aquifer system but even these were not sufficient.

A transmountain diversion from the Santa Ynez River came next but even that supply was not sufficient for the growing needs of your metropolitan area. So at the request of the local people, the Bureau of Reclamation planned the Cachuma Project. It was authorized by Congress and by 1956 water was flowing through the Tecolote Tunnel. But that additional supply is nearing full use and Santa Barbara County is now looking forward to receiving supplemental water from the State Water Project.

All of these are manmade changes in the environment but without them. Santa Barbara, as you know it today, could not exist. We must recognize that in any discussion of the environment, man is here to stay. The challenge of the future is to learn to live with ourselves.

Of course, there are those who say that we might all be better off if many of the things which are symptomatic of California today had never come to pass. Automobiles, freeways, subdivisions, oil wells, dams and reservoirs are among them. Another is people themselves, just plain people, who have made all these accouterments necessary.

The trouble, from some viewpoints, is that there are too many of us, and most of us seem to want to crowd into the choicer places to live. But is there a Solomon among us who will dictate that this family shall have two children while another one may have four? Or that you may live here, but I must live there?

I do believe that unquestionably there will be a much greater effort made in the future to promote the practice of voluntary birth control. But here again, manmade environment enters the picture. We know that generally it is the educated and well-to-do who

tend to limit their families. On a global scale overpopulation is most prevalent in the nations, and in this country, in the overcrowded ghettos and lower-income areas.

So it is that in any discussion of the environment we must consider not only the state of affairs in the preservation and/or development and use of our natural resources, but also the kind of manmade conditions in which we elect or are forced by circumstances to live.

To me the two are interrelated. Wishful thinking will not change the realities. We must consider and resolve our problems in this context. There is no argument as far as I am concerned, that the quality of life for millions of Americans must be raised. And I am certain that it can be, and that it will be raised. However, there must be billions of dollars invested in rebuilding the inner cities and providing better living opportunities for their inhabitants. The level of education must be upgraded to give a better start to our underprivileged youth. Our population growth rate has been slowing but nevertheless, there must be living space provided for the inevitably increasing total population.

There must be more millions and billions of dollars poured into clearing up man's mismanagement of the biosphere—that thin layer of air, water and land on our planet Earth where life exists. Pollution of air and water and erosion of mismanaged land must be rectified.

As we become aware of these needs, we are coming also to a realization that neither the Federal Treasury nor the taxpayer's purse is bottomless. Nor can we endure longer the wave on wave of inflation which is eating at the heart of our economy. I support the President's positive efforts to bring inflation under control even at the expense of a slowdown or delay in some of these much needed domestic programs. I hope and expect this slowdown will be short lived and that shortly we can get on, full steam, with this gigantic job we have ahead.

But in the long pull, how are these necessary steps to improve our environment to be financed? I expect it will be by a continued expansion of our economic base and productive capacity. This, in turn, has historically been accomplished by utilization of our natural resources.

Much of this use, I grant, has not been wisely planned or executed, but it nevertheless has been a major factor in achieving our present wealth productivity. One of our challenges is to use them better in the future. Thus, we come full circle in a discussion of conservation and/or our natural resources in order to provide the kind of environment most useful and desired by mankind.

Can we have both conservation and use? I believe we can, and turn to a noted environmentalist, Dr. Rene Dubos, for substantiation. Professor Dubos, of Rockefeller University in New York in a recent lecture and in a paper published in a recent issue of the United Nations publication, *The Courier*, discussed the delicate balance between Man and Nature in the Biosphere.

Concerning conservation, Dr. Dubos asserted:

"To be compatible with the spirit of modern civilization, the practices of conservation cannot be exclusively or even primarily concerned with saving parts of the natural world of manmade artifacts for the sake of preserving individual specimens of interest or beauty.

"Their goal should be the maintenance of conditions under which man can develop his most desirable potentialities. Since man relates to his total environment and especially is shaped by it, conservation implies a quality of relationship rather than a static condition."

Before anyone accuses me or Dr. Dubos of advocating a further plundering of our natural resources, I hasten to excerpt another quotation from him as follows:

"Before long, all parts of the globe will have become critical. Careful husbandry of the Spaceship Earth rather than exploitation of natural resources, will then be the key to human survival."

This, to me is the great environmental challenge of the future. The era of exploitation of our world is near an end. The era of husbandry is upon us.

This cannot be an overnight process. We have been slowing down the exploitation of our resource base for many years. I like to think that the husbandry of our water resources began nearly a century ago when Major John Wesley Powell first advocated the conservation and development of the West's water resources—which eventually led to what is now the Reclamation program. President Theodore Roosevelt and Gifford Pinchot initiated the husbandry of our forests by setting aside the great forest preserves which now form our national forest system.

The husbandry of our land resources emerged after the dust bowl days shocked the Nation into an awareness that careless land use was resulting in the destruction of this great resource. And only in the last decade have we suddenly become aware of the necessity of protecting and cleaning up the air around us.

With the possible exception of the forests, I believe we have barely scratched the surface in the husbanding of these natural resources which are so important to our environment and, indeed, to our very existence.

For water, I can foresee more efficient and greater multiple use of the existing supply even going beyond the cleanup of polluted rivers and streams to the full treatment and reuse of sewage waste water.

I can see us tapping the rivers of the sky to induce added precipitation in areas of shortage. Careful research has been underway for years. The Bureau of Reclamation is well along on an effort designed to induce additional snowfall in the Rocky Mountain headwaters of the Colorado River system. And this is being done with full consideration of the overall effect on existing conditions, ecology, and all possible side effects. We are not floundering head-on into the unknown.

The limitless resources of the ocean will be tapped by desalting plants before many more years to provide an additional water supply for cities and industries. New methods of long-distance transfer of water from areas of surplus to areas of shortage may prove out in the years ahead. Only last week, we submitted a first preliminary study to Congress of the possibilities of an undersea aqueduct to transport water from northern streams to southern California.

We should have total land zoning before too long to protect the more fertile and productive flatlands to grow our food, and push the cities and suburbs up against the hills and mountains. This will take wise and prudent adaptation to the environment, but we have the know-how and it can be done if we use the care we must.

Protection of the atmosphere is probably the greatest challenge of all but I have no doubt that it can be mastered and the first steps are being taken in that direction.

I cannot conceive that a civilization and a nation which have the resources and ingenuity to put a man on the moon and return him safely to Mother Earth, cannot plan and follow through with the necessary steps to insure a habitable environment within the biosphere.

I have full confidence that our civilization and our Nation, which has been able to improve the economic status of the common man to heights never approached before in all history, can also correct and improve the environment to give us all the high quality of life we would like.

Our big difficulty is facing up to the problem. This we are now doing. Now we must apply what we know to the solution and get with it, adding to our knowledge in the process. The time is now for this type of action.

As for me, after two months in the commissionership of the Bureau of Reclamation, I find the future dynamically challenging and exciting. I am looking forward to making my small contribution in making this a better world in which to live. I invite you all to come along on this great adventure into our future.

HOUSE REPUBLICANS URGE CONGRESSIONAL ACTION ON NIXON ADMINISTRATION ENVIRONMENT BILLS

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

Mr. ANDERSON of Illinois. Mr. Speaker, yesterday afternoon following the adjournment of this body, the House Republican conference—the Republican membership of the House—met to consider environmental issues and problems. We were unanimous in commending the President for recognizing the urgency of our environmental crisis. His state of the Union and environmental messages, legislative recommendations to the Congress, and Executive order to curtail pollution by Federal installations are examples of finest type of Presidential leadership—the type of leadership these times require.

But solving our Nation's problems also requires leadership and action at this end of Pennsylvania Avenue. Those of us on this side of the aisle are becoming increasingly concerned about the prospects for congressional action this session on the seven bills which constitute the President's environmental program.

Although the Presidential message and draft legislation reached the Congress a month ago, hearings have been held on only two of the seven bills. The Committee on Interstate and Foreign Commerce has held hearings on the clean air and solid waste disposal legislation. The four clean water bills await scheduling for hearings, as does the bill to amend the Land and Water Conservation Fund Act.

Mr. Speaker, the Republican Members yesterday committed themselves unanimously to action on this legislation during this session. We urge our Democratic colleagues to do likewise.

Environmental problems become more serious as each day passes. As the President stated, we must act promptly because "it is literally now or never." It is our future which is at stake.

I include the House Republican conference resolution commending the President for his leadership in dealing with environmental problems and the conference's call for prompt consideration of the seven measures recommended by the President in the RECORD following my remarks:

RESOLUTION

Whereas America's future and the quality of life to be enjoyed by each citizen is dependent upon what is done in this decade to restore and preserve our environment, and

Whereas the task of cleaning up our environment calls for the urgent and total mobilization of all Americans, and

Whereas President Nixon has provided positive leadership in this vital area and has recommended to the Congress a comprehensive environmental quality program embracing seven bills, and

Whereas the Congress of the United States has an obligation to act in a timely and thoughtful manner in finding legislative solutions to environmental problems,

Now therefore, we the duly elected Republican Members of the House of Representatives

Do hereby resolve: that we commend the President for the action he has taken in the fight against pollution, and

We urge that the House of Representatives give prompt consideration to the seven measures recommended by the President.

AUTHORITY TO ALLEVIATE FREIGHT CAR SHORTAGES

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

Mr. KLEPPE. Mr. Speaker, I have today introduced legislation to amend the Interstate Commerce Act to give the ICC additional authority to alleviate freight car shortages. Similar legislation has been introduced previously both in the House and the Senate.

Enactment of this legislation, I believe, is essential if the railroads are to meet the needs of commerce and national defense. Basically, the objectives of the bill are to encourage the acquisition and maintenance of an adequate car supply, and to insure that these cars will be moved where they are needed, when they are needed.

Mr. Speaker, for many years the upper Midwest has been plagued with recurring boxcar shortages which have presented major problems both to grain producers and to the grain trade. The pinch has again become acutely serious in recent months and there are some indications that it may get worse before it gets better.

A contributing factor to the deepening problem is the scheduled callup by Commodity Credit Corporation of some 97 million bushels of wheat from 1966 and prior crops which had been resealed for storage by farmers. Unfortunately, some of this grain will be competing for car availability at the time the 1970 wheat crop begins moving to market.

I have urged Secretary of Agriculture Clifford M. Hardin to postpone at least a portion of this callup, involving the 1966 crop, until additional transportation is available. I remain hopeful that he will do this.

Day after day, I receive complaints from country elevator operators who have substantial investments in cash grain, on which they must continue to pay high interest rates until they can move it to market. Just yesterday, one country elevator operator told me he had not received a single car since February 19, although he has had more than 20 on order.

Part of the problem is that the railroads which serve my district, the Burlington Northern and the Soo Line, are unable to get back on their lines large numbers of cars which they own but are kept in service by other carriers. I suppose that no railroad is completely without sin in this matter of boxcar "pirating" but all of the figures I have seen indicate that the railroads operating in the upper Midwest are more sinned against than sinning.

Although the Interstate Commerce Commission has ordered return of all cars to lines of ownership, effective March 27, the penalties which would speed up this process will not be applied until June 1. For this reason, I do not believe the order will correct a situation which is desperate now. The American Association of Railroads has attempted to get cars back into the hands of owners more quickly and while these efforts have met with some success, the association simply cannot put the teeth in such recommendations the way the ICC could.

It is a frustrating experience for me, as I know it must be for many of my colleagues, to be unable to get enough boxcars back to our railroads to meet the needs of grain producers and the grain trade.

I do not believe the problems inherent in this rather complicated matter will be resolved until Congress moves to enact the proposals which have been introduced by myself and other Members. I believe this legislation deserves the highest priority.

A DISPASSIONATE DISCUSSION OF THE CURRENT SCHOOL CRISIS

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

Mr. WAGGONNER. Mr. Speaker, I have been given by Mr. Franz O. Willenbucher, a copy of a letter which he and Mr. Benjamin Ginzburg wrote President Nixon on February 26, discussing in dispassionate terms the current school crisis and the allied tensions between the races which the Court's decisions have fostered. I have his permission to make this letter available to the Members and the public and I do so by including it here in the RECORD with these remarks.

Mr. Willenbucher is a retired Navy captain who for 18 years practiced law here in the District of Columbia following his retirement. In addition to an LL. B. degree, he was awarded the degree of J.D. from Georgetown University in 1937. The coauthor of the letter, Mr. Benjamin Ginzburg, Ph. D., Harvard 1926, served as assistant editor of the Encyclopedia of the Social Sciences and as research director for the Subcommittee on Constitutional Rights of the Senate. He is the author of "The Adventure of Science" and "Rededication to Freedom."

Both men are eminent scholars of the Constitution and the law. I believe you will find, as I have, that they have penned one of the most succinct arguments against the current policies of the Supreme Court as they affect the races that have been written in the years since Plessy against Ferguson.

I urge every Member and every subscriber to the RECORD to read their letter. Reasonable men will be moved by its clarity; moved, I hope, to support congressional action to reverse these wrongs.

The letter follows:

ARLINGTON, VA.,
February 26, 1970.

President RICHARD M. NIXON,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We, the undersigned, are retired public servants, who have been led by the mounting racial troubles to probe into both the legal basis and the practical effects of the integration rulings of the Supreme Court. We have no private axe to grind in our analysis of the school situation. We are not even Southerners seeking to present a sectional attitude to the problem. We are simply trying to speak on behalf of the public interest as we conscientiously see that interest.

We believe that your appointment of a Cabinet committee, under the chairmanship of the Vice President, to assist local communities facing integration problems, is a valuable first step. But in our opinion this committee, in its deliberations, will have to go beyond the terms of reference spelled out in your statement of February 16. It will have to consider not merely the matter of advice and assistance to communities in complying with Supreme Court integration orders, but the more basic question of whether the time has not come to register the failure of the forced integration program and to move for its lawful repeal.

When the administration of Prohibition broke down in the late twenties because of an internal fault in the law, no amount of money and expert advice could help in the situation. What was needed was a repeal of "the noble experiment," and the devising of new methods to deal with the liquor problem. At length the public opinion of the nation recognized this fact, and Prohibition was repealed through a rapidly enacted constitutional amendment.

We are confronted with a similar situation with regard to the forced integration decreed by the Supreme Court for Southern schools. Let us make ourselves clear: nobody wants a return to legal segregation and so-called separate but equal educational facilities. But it is one thing to annul the *Plessy* v. *Ferguson* decision and make the school laws nondiscriminatory with regard to race or color. It is quite another thing to require school boards to arrange school attendance so as to institute and maintain set ratios of white and Negro pupils.

When the *Plessy* v. *Ferguson* decision was promulgated, Justice Harlan (the grandfather of the present Supreme Court Justice) wrote an eloquent dissent in which he demanded that the law should be "color-blind." He would turn in his grave if he knew that the Supreme Court was now decreeing that the band must be removed from the eyes of Justice, and that this goddess must color-consciously administer a racial quota system that is reminiscent of the hated *numerus clausus* (closed quota) used by the Czarist government of Russia and similar despotic regimes.

If forced integration had been instituted as a result of a duly debated Congressional enactment or by a duly ratified constitutional amendment (as was the case with Prohibition), the American people, once they became conscious of the law's practical implications, would have no choice but to move for repeal. Religion teaches us to aspire to an ideal society of fraternal love and solidarity. But what religion teaches has to be

achieved over the ages through moral and cultural development. In this moral and cultural development the agency of law plays a part, but only a part. A law which decrees that men should be perfect overnight is not an instrument of moral progress but an instrument of the basest tyranny. Look at Communist Russia, where fanatics thought that they would establish a society of perfect justice, and where in fact they succeeded only in putting the whole nation into a huge concentration camp, with barbed wire and machine guns to prevent escape from the supposed workers' paradise.

THE DOGMA OF RETROACTIVE CONSTITUTIONAL SIN

But forced integration has not come to us as a result of a duly enacted statute or constitutional amendment. It has not come to us even by way of the Supreme Court's construing of a constitutional provision. Incredible as it may seem, it has come to us as a result of an erroneous belief entertained by the Supreme Court Justices that the South must expiate its past wrong on segregation—even though in this matter the record shows it had acted in accordance with the law as laid down by a Northern-dominated Supreme Court.

This erroneous dogma was engendered by two factors. The first was the failure to keep in mind that a reversal of a constitutional interpretation—in this case the overturning of *Plessy* v. *Ferguson* after 60 years—does not condemn as wrong-doers those who lived and acted under an earlier interpretation. A reversal of constitutional interpretation has the same effect as the passage of a constitutional amendment or new Congressional statute. In both cases retroactivity is barred by the constitutional provision forbidding the enactment of *ex post facto* laws. Sober reasoning should have made the Court realize that it had no right to give retroactivity to a present constitutional interpretation.

Yet there is direct evidence (apart from indirect evidence) pointing to the fact that the members of the Supreme Court have interpreted the reversal of *Plessy* as a condemnation of past constitutional sin. Thus former Justice Abe Fortas, in his pamphlet, *Concerning Dissent and Civil Disobedience,* boldly stated that "we [the American people] have confessed that about twenty million people—Negroes—have been denied the rights and opportunities to which they are entitled." Of course the nation has not confessed this at all, any more than it confessed, when it enacted the Woman Suffrage Amendment, that for 130 years it had been guilty of depriving women of their rightful participation in the government of the country.

Another piece of evidence pointing to the judicial misinterpretation of the reversal of *Plessy* is found in the Supreme Court decisions freeing Negro sit-downers and mass confrontations, who sought by direct action to break down the non-school phases of the segregationist system. These people were freed *on the ground that they were protesting unconstitutional laws.* This indicates that the Court was so obsessed with the idea that school segregation was wrong from the very day it was instituted that it even transferred this belief to other aspects of segregation and regarded them all as sinfully unconstitutional even before it judicially ruled on many of them. The fact that the Court was led to throw aside the traditional doctrine that laws have to be obeyed until they are declared unconstitutional (and thus condoned violence in the streets) is certainly an indication of the gross confusion in the minds of Justices on the meaning to be attached to the reversal of *Plessy.* It is this confusion—this erroneous belief in the retroactive sin of the South—that prompted the Court to demand that the Southern States do something positive to expiate their sin, and this something positive meant moving towards forced integration.

The second psychological factor operating on the Court stemmed from the false reason given in the *Brown* decision for reversing *Plessy.* The Court had every right to say that in line with the present temper of the times it now holds that legal segregation of schools violates the clause of the 14th Amendment guaranteeing to all persons "the equal protection of the laws." But it went beyond that and held that the reason for overruling *Plessy* was the fact that modern psychologists had discovered that separate education inherently involves unequal educational opportunity and thus constitutes bad education.

How absurd this supposed scientific finding is can be judged from the fact that one of the psychological authorities relied on by the Supreme Court—Professor Chein—went to Philadelphia the year following the decision and argued before a Pennsylvania court that Girard College (established by Stephen Girard for the education of white male orphans) had to be desegregated. Why? Because, inasmuch as Stephen Girard believed in good education, he must have meant integrated education, since only integrated education is good education!

The belief that separate education was inferior education supplied a compelling (though erroneous) practical motivation for the Supreme Court's demand that the Southern States do something positive to expiate their past sin. The members of the Court evidently felt that every day that passed without a positive and intensive mingling of the races in the schools meant that the South was continuing to rob hundreds of thousands of Negro children of their birthright of a good education.

In view of this supposed fact the Supreme Court prided itself on its patience. It announced in the *Brown II* decision that Southern school boards must integrate "with all deliberate speed," and would be given all the time necessary for carrying through the administrative changes and the changes in plant required for arranging integration. The Court did not realize, and does not realize to this day, that in calling for affirmative integration it had overstepped its constitutional jurisdiction.

To see this, it is only necessary to use the Woman Suffrage Amendment as an analogy. Let us suppose that at the time of the passage of the amendment—which commanded the states as well as the nation to permit women to vote—there was great prejudice in certain sections of the country against women voting. The Federal courts, acting on complaints from injured parties, could have issued injunctions forbidding actions by election officials interfering with the right of women to vote. But could they have gone further, and demanded that the election boards in certain areas round up women and force them to vote whether they wanted to or not, on the ground that this was the only way for the boards to demonstrate their good faith administration of the law? Obviously not. But is the case any different with a constitutional decision invalidating legal segregation? The courts have the duty to forbid acts of discrimination in regard to the admission of Negro children to the public schools. They may even, for the purposes of public information and clarification, call on school boards to announce what method of nondiscriminatory admission they will follow—whether by setting up neighborhood schools requiring the attendance of all pupils regardless of race residing in the district, or by granting freedom to Negroes and white alike to attend schools of their own choosing across district lines.

But what business do the courts have to command school boards to line up Negro and white children and force them to attend various schools in accordance with set racial quotas? Where is the constitutional authority for issuing such a command?

In the years immediately following *Brown I* and *Brown II* the Federal courts, under Supreme Court direction, accepted minimal or token integration plans as sufficient compliance with the mandate to integrate with all deliberate speed. In border states and in districts where the racial distribution and other factors were favorable, much more than token integration was achieved, and would doubtless have been achieved by natural mingling (once legal segregation was annulled) without court suits. In these years the illusion was created that compulsory integration was constitutional and that it was producing salutary results in all areas save those where Southern bigotry was rampant.

NORTHERN DRIVE FOR FORCED INTEGRATION A DISASTER

Actually during those very years an experiment was being carried out which clearly demonstrated—to those who were willing to open their minds and their eyes—both the unconstitutionality of forced integration and the disastrous practical consequences which flowed from the pursuit of forced integration. We refer to the drive to eliminate so-called de facto segregation in Northern schools. The very term, de facto segregation, it is to be noted, arose from the trust which civil rights agitators put in the Supreme Court's dictum that separate education is inherently bad education. Accepting the dictum as gospel truth, they reasoned that if the quality of education suffers when Negro pupils attend one school and white pupils attend another, the proposition must hold good in the North as well as in the South. What difference did it make, they asked, whether pupils are separated into all-Negro and all-white schools by law, as in the South, or by neighborhood residential patterns, as in the North? In both cases we have segregation and inferior education for the Negro, even though for purposes of technical distinction we may speak in the one case of de jure segregation and in the other case of de facto segregation.

The civil rights agitators did not realize that by this reasoning they had reduced to absurdity the constitutional excuse for imposing forced integration on the South. That excuse was that, in line with the new interpretation of the 14th Amendment, the maintenance of legally segregated schools was in violation of the Constitution, and that to expiate this constitutional violation the Southern States had to submit to forced integration. But if every school board, North and South, had to submit to forced integration as a matter of social policy in promoting good education, regardless whether the school board was in violation of the 14th Amendment or not, how could forced integration continue to be inflicted on the South as a penalty for its supposed past sin in maintaining legally segregated schools? The least the South could demand under such circumstances would be that the courts stop stigmatizing the Southern school boards as criminals or descendants of criminals, and merely require that they submit to forced integration in company with Northern school boards as a requirement of national social policy.

But at this point the question would arise as to the legal or constitutional basis for the adoption of this social policy and its enforcement by the courts. What law or consitutional provision authorizes the application of this policy? Nobody could claim any longer that forced integration was demanded as the expiation of past violation of the 14th Amendment, since no such violation can be laid at the doors of Northern school boards, who have admitted all comers to the neighborhood schools without regard to race or color. Hence forced integration would become

a legal and constitutional orphan. Or, more precisely, it would stand revealed as an illegitimate child sired by a false educational theory and mothered by the mistaken zeal of the Supreme Court in demanding that the South be punished for having in the past adhered in all legality to an earlier Supreme Court interpretation of the 14th Amendment.

It was doubtless a shrewd perception of the logical trap posed by the demand for forced integration in the North that kept the Supreme Court from heeding the pleas of civil rights zealots and ruling on the question of de facto segregation and the advocated remedy of forced integration. The Court showed its sympathy for forced integration in the North by letting stand without review a lower court pro-integration decision in the famous New Rochelle case. But it studiously declined to jump into the logical trap by rendering a clear-cut decision on the merits, either in the New Rochelle case or in various other cases.

The drive for Northern forced integration was, however, carried on with the support of politicians and lower court judges, both state and Federal. In many cities Negro and white pupils were bussed and counterbussed, school districts were paired and gerrymandered, and plans were even developed for giant "educational parks." These were to be school complexes, erected on the outskirts of cities and serving as blenders of white pupils from the outer rings and suburbs and Negro children from the inner cities. But before these plans could be put into operation, the campaign burned itself out. It left in its wake a harvest of racial bitterness, a destruction of the discipline of Negro pupils, and a mounting exodus of white families from the cities.

The failure of forced integration in the North helped create a frenzied black nationalism and a demand for community control of schools in black areas. This community control meant in practice the turning over of the schools to Negro agitators who preached anti-white hatred in general and anti-Jewish hatred in particular.

Far from being deterred by the logical reduction ad absurdum of the constitutional excuse for forced integration or by the demonstration of the disastrous practical effects, civil rights activitists pressed the campaign for forced integration in the South with renewed vigor. They succeeded in getting Congress to insert a section in the 1964 Civil Rights Act directing the Department of Health, Education and Welfare to withhold Federal educational funds from school boards that did not "desegregate" their schools. And though thanks to the voices of reason in the Congress "desegregation" was defined as nondiscriminatory admissions policy, and a specific ban was inserted in the law against school busing for correcting racial imbalance, these bars against forced integration were eventually ignored by the civil rights activists who staffed HEW and the Department of Justice.

FREEDOM OF CHOICE ACCEPTED AND THEN REJECTED

In the first year or so of the administration of the Civil Rights Act, HEW accepted in its guidelines desegregation plans based on freedom of choice of schools made available to both Negro and white pupils. Following the HEW lead, the courts also accepted such plans as sufficient compliance with the Supreme Court's mandate.

But this leniency was of short duration. In 1966 HEW issued new guidelines rejecting freedom of choice plans unless in practice such plans operated to achieve substantial progress towards total integration. HEW now demanded plans that were calculated to achieve racially balanced schools in rapid fashion through the use of busing and the gerrymandering of school districts. Also the HEW demanded faculty integration in all schools in accordance with the racial percentages prevailing in the area. If the school boards did not conform to these demands they would suffer the loss of Federal educational funds.

HEW officials did not stop with these draconian guidelines for the purpose of administering Federal educational funds. They maneuvered with Department of Justice officials and with private civil rights lawyers to bring new court suits challenging freedom of choice as sufficient compliance with the Supreme Court's policy on integration.

One of these cases, *Green* v. *School Board of Va.*, reached the Supreme Court in 1968, and by unanimous vote the Court held that school boards must develop plans which promise "realistically to convert promptly to a system without a 'white' school and a 'Negro' school, but just schools." In plain words, the decision decreed forced integration, and decreed that this forced integration should be carried out not "with all deliberate speed," but *instanter*, as was indeed made clear by the Supreme Court orders of recent weeks.

The *Green* decision is reminiscent of the story of the legendary Greek robber, Procrustes, who forced strangers into a special bed. If the stranger was too long for the bed, he cut off his extremities to make him fit. If he was too short, he stretched him. It is in this fashion that school boards are required to treat their pupils—force more children of this or that race into a particular school, and cut off this group or that group from attendance at another school—all this in order to meet the demands for Procrustean racial balance.

NO CONSTITUTIONAL BASIS FOR GREEN DECISION

What is the constitutional basis of the *Green* decision? None is given in the Supreme Court opinion. The only justification that is given is a citation from *Brown II*, requiring school boards "to effectuate a transition to a racially nondiscriminatory school system." The opinion implies that this direction to effectuate a new school system has the same constitutional justification as the *Brown I* decision declaring legally segregated schools to be unconstitutional. But this just isn't so. There is nothing in the Constitution, or in any reasonable interpretation thereof, that authorizes the Supreme Court to count the numbers of white and Negro pupils in a school and to demand that the racial numbers conform to the Court's idea of racial balance.

On the other hand there are several constitutional provisions which forbid what the Supreme Court is doing. There is, first of all, the very clause of the 14th Amendment—the guarantee of equal protection of the laws—which has been invoked to declare segregated schools illegal. If this clause means anything, it means that a child cannot be sent to a school 20 miles away in order to satisfy the concept of racial balance. There is also the First Amendment's right of association, which has been invoked by the Supreme Court to justify association with Communists, but which also guarantees the right of every parent to move to what he regards as a good neighborhood and have his children attend the school in that neighborhood.

Finally there are the due process clauses of the Fifth and 14th Amendments, which declare that no person can be deprived of his liberty without due process of law—that is to say, without a legal procedure justifying that deprivation. Conceivably an unruly child may be sent away from his neighborhood school to a special school miles away if a showing is made that he has behaved in a destructive manner. But neither the Federal Government nor the local school board has the right to send a child to "Siberia" to meet the needs of an arbitrary racial plan.

These guarantees of freedom were invoked by the Supreme Court itself when it struck down, 45 years ago, an Oregon education law that in effect closed down parochial and other private schools by forcing all children between the ages of eight and 16 to attend the public schools. Said the Court: "The fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the State to standardize its children by forcing them to accept instruction from public teachers only. The child is not the mere creature of the State; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations."

Forced integration violates the same liberties of parents to supervise the education of their children as were violated by the Oregon statute.

Mr. President, we recognize that in accordance with our moral and political tradition rulings of the Supreme Court—even bad rulings—must be obeyed until they are lawfully repealed or overcome. But as a free people we Americans have the right and duty to move for lawful relief from conditions that destroy our children's education, set group against group, and create a climate of violence that could lead to an outright civil war.

THREE ALTERNATIVE METHODS OF RELIEF

There are three lawful alternative methods that can be used to bring relief from the nation-destroying rulings of the Supreme Court. These alternative methods are not only thoroughly constitutional, but are, each one of them, sanctified by past usage.

The first method is that of a constitutional amendment. When the Supreme Court struck down an income tax law in the 1890's as unconstitutional (although it had been used before without constitutional objection), the Congress initiated, and the state legislatures ratified, the 16th Amendment to the Constitution legalizing the income tax.

The second method is to bring a new case before the Supreme Court in the hope that (in the words of Mr. Dooley) it will "follow the election returns" and overrule its stand on forced integration. This method was used in President Grant's Administration to overcome a disastrous Supreme Court decision which held that the issuance of greenbacks or legal tender notes was unconstitutional. In a new case a year later, the Supreme Court was persuaded to reverse its stand. Part of the process of persuasion consisted in the remaking of the Court by the appointment of a new Justice to fill a vacancy and the enlargement of the Court by statute to make room for another appointment.

The same method was used in 1936 to overcome a Supreme Court decision of 1923 which outlawed a minimum wage for women. A new case, involving a New York State minimum wage law, was brought before the Court, and the Court reversed itself and held the law constitutional.

The third method is for Congress to declare by statute the political will of the nation, and in accordance with Article III, Section 2 of the Constitution, remove this statute from the appellate jurisdiction of the Supreme Court. The existence of this provision in the Constitution indicates that the Founding Fathers never intended to allow the Supreme Court to rule on basically political questions—that is to say, questions as to how Congress should exercise its constitutional powers, questions which in a democracy must in the last analysis be settled by the political will of the nation as expressed by the voters in elections. In the past the Court sought, even in the absence of Congressional admonitions, to keep away from strictly political questions. But in recent years it has been emboldened to recognize no limits to its jurisdiction.

The power to expressly limit the jurisdiction of the Supreme Court has been exercised only once in our history—during the very

difficult crisis attending the Reconstruction after the Civil War. Fearful of the possible interference of the Court in its reconstruction plan, Congress deprived the Court of appellate jurisdiction in this domain. The Court accepted the decision of Congress and made no effort to circumvent it.

In view of the mounting gravity of the school crisis, we believe that the third alternative, in combination with the second, should be used to secure legal relief from the present Supreme Court policies on integration. In other words, Congress, acting under the enforcement clause of the 14th Amendment, should affirm its opposition not only to school busing but to any and all measures of forced integration, and should at the same time lawfully deprive the Supreme Court of power to review the Congressional stand. Meanwhile, without waiting for Congressional action, Southern communities—and the Department of Justice itself—should bring new cases before the Court in order to give it an opportunity to reverse the *Green* decision.

The method of constitutional amendment is too cumbersome and time consuming to be used in the present crisis.

We believe that after the irritant of present Supreme Court policy is removed, the races will be able to go forward in voluntary cooperation and reciprocal good will to meet the problems of education, employment, housing, and general poverty in an intelligent and constructive fashion. It should be emphasized once more that the repeal of Supreme Court policy on forced integration will *not* mean the repeal of the constitutional decision invalidating the system of legally segregated schools. Nor will it mean the repeal of the civil rights act and other laws forbidding discrimination in employment, in public accommodations, and in the sale and rental of housing. On the contrary, these laws and their enforcement will stand out—after the confused glosses on these laws shall have been removed—as shining beacons of public policy, beacons which will invite, without compulsion, our citizens to work at their own moral pace towards the goal of a fraternal society.

We request that you transmit the enclosed duplicate copy of this statement to the Agnew committee, so that it may give thought to the points and issues we have raised.

Respectfully yours,

BENJAMIN GINZBURG,
FRANZ O. WILLENBUCHER.

TRIBUTE TO MARCELLUS M. MURDOCK, OF WICHITA, KANS.

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

Mr. SHRIVER. Mr. Speaker, Kansas and the Nation have lost a distinguished pioneer and outstanding journalist with the passing of Marcellus M. Murdock, of Wichita, on March 10, 1970. I have lost a good friend and supporter.

Mr. Murdock was publisher of the Wichita Eagle and Beacon, a newspaper founded by his father, Marshall M. Murdock, 98 years ago. Marcellus Murdock began his newspaper career on the Eagle while a high school student in Wichita.

Under his leadership and direction, the newspaper has been a driving force for progress in the community and State. Marcellus Murdock spoke with an affirmative voice in behalf of agriculture, aviation, industry, culture, education, conservation, and flood control. He was proud of Wichita and the Sunflower State.

He was a man of 87 at death, but he lived as a man who always was young at heart. He was an avid supporter of aviation and it was his spirited backing of the aviation industry which had much to do with making his hometown of Wichita the air capital of the Nation. At the age of 80, he flew a plane breaking the sound barrier.

His accomplishments and honors were numerous. He was the recipient in 1961 of the William Allen White Award in Journalism from the University of Kansas. In 1963, the degree of doctor of humane letters was bestowed upon him by Wichita State University, and in 1965 he received the Kansas Brotherhood Award of the National Conference of Christians and Jews.

His sincerity, good humor, and wise counsel were always a helpful inspiration to me whenever I visited with him in his office. Marcellus Murdock will be sorely missed by all who knew and worked with him. His passing is a great loss to Wichita, to the State of Kansas, and to the Nation. Through his long and active life, he has built a lasting memorial.

Mrs. Shriver and I join in extending our sincere and heartfelt sympathy to his wife; his son, Marsh; two daughters, Mrs. Victoria Bloom and Mrs. Foster Jennings; and other members of the Murdock family.

TAKE PRIDE IN AMERICA

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

Mr. MILLER of Ohio. Mr. Speaker, today we should take note of America's great accomplishments and in so doing renew our faith and confidence in ourselves as individuals and as a nation. The United States is the largest consumer of fertilizers in the world. Based on a 5-year average from 1962–67 the United States consumed 28 percent of the nitrogenous, 25.1 percent of the phosphate, and 24.5 percent of the potash fertilizers in the world. The Soviet Union was second with 8.4 percent, 8.1 percent, and 9 percent respectively.

UNEMPLOYMENT RATE

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

Mr. GERALD R. FORD. Mr. Speaker, on Monday the distinguished majority leader of the House informed us that because the unemployment rate rose to 4.2 percent in January he had concluded this Nation is in the grip of a recession. This is a most interesting observation, Mr. Speaker, particularly if you look at the unemployment rates for the years 1961 through 1965, when Democrats were in control of both the White House and the Congress.

A look at the unemployment rates for those years tells us that the majority leader is making statements that are indefensible. Apparently he is trying to talk us into a recession.

If he is not trying to talk us into a recession, then he would have to assert that the United States suffered through a 5-year recession in the last decade—because in all of those years the unemployment rate exceeded the current rate of 4.2 percent.

In 1961, the unemployment rate was a shocking 6.7 percent. In 1962, it was 5.5 percent. In 1963, it was 5.7; in 1964, 5.2; and in 1965, 4.5.

In 1966, the unemployment rate dropped to 3.8, less than 4 percent, and it has remained below 4 percent until recently.

Now to what can we attribute this drop to less than 4 percent in unemployment—a most welcome decline if viewed as a bit of data unrelated to other economic factors.

One does not have to hold a doctor's degree in economics to recognize that the sharp decline in unemployment in 1966 coincided with a sharp surge in the economy triggered by the Vietnam war.

Conclusion—the only valid conclusion—is that we have been experiencing a false prosperity generated by a war into which we were led by the previous administration.

That same false prosperity generated inflationary pressures which steadily pushed up the cost of living for every man, woman and child in America. And, as former President Johnson said in his last Economic Report, transmitted to the Congress in January 1969:

> The problems of rising prices and wages remain intense as 1969 begins.

The majority leader now talks of a recession. In fact, he flatly asserts that "we are in a recession" because the unemployment rate has risen to 4.2 percent. Would he also say then that the years 1961 through 1965 were recession years?

The majority leader talks at the same time of "Nixon inflation," and yet Lyndon Johnson in his 1969 Economic Report freely admitted that—

> The first significant break in relative price stability occurred early in 1965.

And added that—

> More pervasive inflationary pressures started in the second half of 1965 when the military buildup in Vietnam began.

Mr. Johnson went on to say:

> Higher costs had been built into the economy during 1965 and 1966, and when the economy picked up speed in the second half of 1967, prices and wages again accelerated.

He said:

> Union settlements, which had lagged in the initial stage of the advance, rose especially sharply in late 1967 and in 1968.

And at that point Mr. Johnson stated that price and wage increases remained a severe problem at the beginning of 1969.

Mr. Speaker, President Nixon and others of us are fighting the inflation which was allowed to gather momentum under the previous Democratic administration. One of the unfortunate consequences of that fight is that we are in a temporary slowdown and unemployment has risen.

Mr. Speaker, rather than talking us into a recession it would better behoove the majority leader to lend his support to the fight against inflation. He knows full well that President Nixon inherited

the inflation which still plagues us. He knows full well that it has been necessary to cool off the economy in an effort to slow the rise in prices. He knows full well that a rise in unemployment is an unfortunate but inevitable result of that cooling off.

The majority leader has been seeking to blame the present administration for the sins of the previous Democratic administration. This kind of "politicking" is bad for the entire country. And I doubt it is good politics because the American people know that our inflation problems were inherited from a Democratic administration, and our fellow citizens also know that the Nixon administration has made sound decisions which will avoid a recession, slow down inflation, and preclude unacceptable unemployment.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. FALLON (at the request of Mr. ALBERT), for today, on account of official business.

Mr. JONES of Alabama (at the request of Mr. ALBERT), for today, on account of official business.

Mr. KLUCZYNSKI (at the request of Mr. ALBERT), for today and the remainder of the week, on account of official business.

Mr. HORTON (at the request of Mr. GERALD R. FORD), for today and the balance of the week, on account of official participant in the United States-Canadian Interparliamentary Group.

Mr. RANDALL, for Thursday, March 12, 1970, on account of out of city as host to Canadian Parliamentary Group.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HARRINGTON); to revise and extend their remarks and include extraneous matter:)

Mr. HARRINGTON, for 30 minutes, today.

Mr. TUNNEY, for 15 minutes, today.

Mr. RARICK, for 15 minutes, today.

Mr. FLOOD, for 30 minutes, today.

Mr. GONZALEZ, for 10 minutes, today.

Mr. PEPPER, for 30 minutes, today.

Mr. DENT, for 60 minutes, on March 17.

(The following Members (at the request of Mr. TEAGUE of California); to revise and extend their remarks and include extraneous matter:)

Mr. ZION, for 60 minutes, today.

Mr. QUIE, for 20 minutes, today.

Mr. MCCLORY, for 30 minutes, on March 18.

Mr. PRICE of Texas, for 5 minutes, today.

Mr. STEIGER of Arizona, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks was granted to:

Mr. ICHORD in two instances and to include extraneous matter.

Mr. MICHEL in two instances and to include two articles.

Mr. MADDEN to revise and extend his remarks and include an editorial.

Mr. COLMER during his remarks on House Resolution 873.

Mr. PICKLE immediately following the remarks of Mr. HANNA in his special order on Eugene R. Black today.

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

Mr. STEIGER of Wisconsin.

Mr. BURKE of Florida in two instances.

Mr. HOSMER in five instances.

Mr. WINN.

Mr. DERWINSKI.

Mr. HALL.

Mr. BROWN of Ohio in three instances.

Mr. KLEPPE.

Mr. THOMPSON of Georgia.

Mr. STANTON.

Mrs. MAY.

Mr. WYMAN.

Mr. ASHBROOK.

Mr. WOLD.

Mr. HOGAN in three instances.

Mr. MCCLURE.

Mr. DON H. CLAUSEN.

Mr. WHITEHURST in two instances.

Mr. ZWACH.

Mr. BOB WILSON in three instances.

Mr. LANDGREBE.

Mr. MCDONALD of Michigan.

Mr. PRICE of Texas.

Mr. DAVIS of Wisconsin in two instances.

Mr. KEITH in three instances.

Mr. REID of New York.

Mr. SCHERLE.

Mr. LLOYD.

Mr. BUTTON in two instances.

Mr. LANGEN.

Mr. WIGGINS.

Mr. BROYHILL of Virginia in two instances.

Mr. BROWN of Michigan.

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

Mr. RODINO.

Mr. HAMILTON in 10 instances.

Mr. FLOWERS in five instances.

Mr. KYROS in two instances.

Mr. RIVERS in two instances.

Mr. BARING in two instances.

Mr. FARBSTEIN in four instances.

Mr. EILBERG in two instances.

Mr. ROONEY of Pennsylvania in 10 instances.

Mr. GIAIMO in 10 instances.

Mr. CHARLES H. WILSON.

Mr. RARICK in four instances.

Mr. ASHLEY.

Mr. REUSS in six instances.

Mr. CELLER.

Mr. COHELAN in five instances.

Mr. JOHNSON of California.

Mr. ANDERSON of California.

Mr. NEDZI.

Mr. GONZALEZ.

Mr. O'NEILL of Massachusetts.

Mr. HUNGATE in 10 instances.

Mr. GIBBONS in two instances.

Mr. FASCELL in two instances.

Mr. GALIFIANAKIS in two instances.

Mr. POAGE in two instances.

Mr. SHIPLEY.

Mr. BRASCO.

Mr. EVINS of Tennessee.

ADJOURNMENT

Mr. HARRINGTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 8 minutes p.m.), the House adjourned until tomorrow, Thursday, March 12, 1970, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

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

1757. A letter from the chief scout executive, Boy Scouts of America, transmitting the 60th annual report for the year 1969 (H. Doc. 91–271); to the Committee on Education and Labor and ordered to be printed, with illustrations.

1758. A letter from the Secretary of Defense, transmitting a draft of proposed legislation to authorize certain construction at military installations and for other purposes; to the Committee on Armed Services.

1759. A letter from the Secretary of Commerce, transmitting the 90th quarterly report on export control covering the fourth quarter of 1969, pursuant to the provisions of the Export Control Act of 1949; to the Committee on Banking and Currency.

1760. A letter from the Deputy Assistant Secretary of Defense, transmitting the report on Department of Defense procurement from small and other business firms for July–December 1969, pursuant to the provisions of section 10(d) of the Small Business Act, as amended; to the Committee on Banking and Currency.

1761. A letter from the Assistant to the Commissioner, District of Columbia, transmitting a draft of proposed legislation to authorize the District of Columbia to enter into the Interstate Agreement on Qualification of Educational Personnel; to the Committee on the District of Columbia.

1762. A letter from the Assistant to the Commissioner, District of Columbia, transmitting a draft of proposed legislation to revise and modernize the licensing by the District of Columbia of persons engaged in certain occupations, professions, businesses, trades, and callings, and for other purposes; to the Committee on the District of Columbia.

1763. A letter from the Attorney General, transmitting a draft of proposed legislation to amend section 504(a) of the Labor-Management Reporting and Disclosure Act of 1959 by adding to the list of offenses conviction of which bars the person convicted from holding union office; to the Committee on Education and Labor.

1764. A letter from the Comptroller General of the United States, transmitting a report on an examination into the transfer of 52 Federal supply classes from the Department of Defense to the General Services Administration; to the Committee on Government Operations.

1765. A letter from the Secretary of Labor, transmitting a draft of proposed legislation to include certain officers and employees of the Department of Labor within the provisions of sections 111 and 1114 of title 18 of the United States Code relating to assaults and homicides; to the Committee on the Judiciary.

1766. A letter from the Secretary of Health, Education, and Welfare, transmitting a report of claims paid by the Department for the calendar year 1969, pursuant

to the provisions of the Military Personnel and Civilian Employees Claims Act of 1964; to the Committee on the Judiciary.

1767. A letter from the Deputy Assistant Secretary of the Interior, transmitting a report of claims of employees of the Department in the fiscal year 1969, pursuant to the provisions of the Military Personnel and Civilian Employee's Claims Act of 1964; to the Committee on the Judiciary.

1768. A letter from the Chairman, American Revolution Bicentennial Commission, transmitting a report of the activities of the Commission including an accounting of funds received and expended for the year 1969, pursuant to the provisions of Public Law 89–491; to the Committee on the Judiciary.

1769. A letter from the Administrator, General Services Administration, requesting withdrawal of a prospectus proposing acquisition of office, storage, and related space which was transmitted on June 18, 1969, and which no longer is subject to the special conditions in the General Provisions under the heading "General Services Administration" in the Independent Offices and Department of Housing and Urban Development Appropriation Act, 1969; to the Committee on Public Works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. COLMER: Committee on Rules. House Resolution 873. Resolution for consideration of H.R. 15945, a bill to authorize appropriations for certain maritime programs of the Department of Commerce. (Rept. No. 91–896.) Referred to the House Calendar.

Mr. STAGGERS: Committee of Conference. Conference report on H.R. 6543 (Rept. No. 91–897). Ordered to be printed.

Mr. SISK: Committee on Rules. House Resolution 874. Resolution for consideration of S. 858, an act to amend the Agricultural Adjustment Act of 1938 with respect to wheat (Rept. No. 91–898). Referred to the House Calendar.

Mr. O'NEILL of Massachusetts: Committee on Rules. House Resolution 875. Resolution for consideration of H.R. 15694, a bill to authorize appropriations for procurement of vessels and aircraft and construction of shore and offshore establishments for the Coast Guard (Rept. No. 91–899). Referred to the House Calendar.

Mr. O'NEILL of Massachusetts: Committee on Rules. House Resolution 876. Resolution for consideration of H.R. 15728, a bill to authorize the extension of certain naval vessel loans now in existence and new loans, and for other purposes (Rept. No. 91–900). Referred to the House Calendar.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 15349. A bill to amend the Railway Labor Act in order to change the number of carrier representatives and labor organization representatives on the National Railroad Adjustment Board, and for other purposes with an amendment (Rept. No. 91–901). Referred to the Committee of the Whole House on the state of the Union.

Mr. TAYLOR: Committee on Interior and Insular Affairs. H.R. 1187. A bill to amend the act of August 7, 1961, providing for the establishment of Cape Cod National Seashore with an amendment (Rept. No. 91–902). Referred to the Committee of the Whole House on the state of the Union.

Mr. TAYLOR: Committee on Interior and Insular Affairs. H.R. 4172. A bill to authorize the Secretary of the Interior to provide additional financial assistance for development and operation costs of the Ice Age National Scientific Reserve in the State of Wisconsin, and for other purposes, with amendments (Rept. No. 91–903). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 16311. A bill to authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes (Rept. No. 91–904). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FEIGHAN: Committee on the Judiciary. S. 533. An act for the relief of Barbara Rogerson Marmor (Rept. No. 91–888). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. S. 614. An act for the relief of Franz Charles Feldmeier (Rept. No. 91–889). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. S. 1775. An act for the relief of Cora S. Villaruel (Rept. No. 91–890). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. S. 1934. An act for the relief of Michael M. Goutmann (Rept. No. 91–891). Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. S. 1963. An act for the relief of Wu Hip (Rept. No. 91–892) Referred to the Committee of the Whole House.

Mr. FEIGHAN: Committee on the Judiciary. S. 2363. An act to confer U.S citizenship posthumously upon L. Cpl. Andre L. Knoppert (Rept. No. 91–893). Referred to the Committee of the Whole House.

Mr. RODINO: Committee on the Judiciary. H.R. 1747. A bill for the relief of Jose Luis Calleja-Perez; with an amendment (Rept. No. 91–894). Referred to the Committee of the Whole House.

Mr. MESKILL: Committee on the Judiciary. H.R. 12959. A bill for the relief of Gloria Jara Haase; with an amendment (Rept. No. 91–895). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. ASHLEY (for himself, Mr. ANNUNZIO, Mr. BLATNIK, Mr. BYRNES of Wisconsin, Mr. CRANE, Mr. DERWINSKI, Mr. KARTH, Mr. MIKVA, Mr. MURPHY of Illinois, Mr. O'KONSKI, Mr. PUCINSKI, Mr. REUSS, Mr. SCHADEBERG, Mr. STEIGER of Wisconsin, Mr. YATES, and Mr. ZABLOCKI):

H.R. 16389. A bill to provide that ports on the Great Lakes shall be included in the ports described in section 809 of the Merchant Marine Act, 1936; to the Committee on Merchant Marine and Fisheries.

By Mr. ASHLEY (for himself, Mr. BETTS, Mr. BRADEMAS, Mr. BROOMFIELD, Mr. CEDERBERG, Mr. DIGGS, Mr. DINGELL, Mr. DULSKI, Mr. FEIGHAN, Mr. WILLIAM D. FORD, Mrs. GRIFFITHS, Mr. HORTON, Mr. LANDGREBE, Mr. LATTA, Mr. MCDONALD of Michigan, Mr. MOSHER, Mr. NEDZI, Mr. O'HARA, Mr. RIEGLE, Mr. STANTON, Mr. STOKES, Mr. VANDER JAGT, Mr. VANIK, and Mr. VIGORITO):

H.R. 16390. A bill to provide that ports on the Great Lakes shall be included in the ports described in section 809 of the Merchant Marine Act, 1936; to the Committee on Merchant Marine and Fisheries.

By Mr. BIAGGI:

H.R. 16391. A bill to amend title 10 of the United States Code to establish procedures providing members of the Armed Forces redress of grievances arising from acts of brutality or other cruelties, and acts which abridge or deny rights guaranteed to them by the Constitution of the United States, suffered by them while serving in the Armed Forces, and for other purposes; to the Committee on Armed Services.

By Mr. BURKE of Florida:

H.R. 16392. A bill to amend title 38 of the United States Code to increase the rates and income limitations relating to payment of pension and parents' dependency and indemnity compensation, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. COHELAN (for himself, Mr. HOSMER, and Mr. STEED):

H.R. 16393. A bill to amend the Tariff Schedules of the United States to provide for a partial exemption from duty for certain transportation vehicles manufactured or produced in the United States with the use of foreign components imported under temporary importation bond; to the Committee on Ways and Means.

By Mr. DINGELL (for himself, Mr. FEIGHAN, Mr. KARTH, and Mr. MCCLOSKEY):

H.R. 16394. A bill to provide for the protection and conservation of certain areas within the boundaries of the National Park System, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FARBSTEIN:

H.R. 16395. A bill to amend the Food Stamp Act of 1964 to authorize elderly persons to exchange food stamps under certain circumstances for meals prepared and served by private nonprofit organizations, and for other purposes; to the Committee on Agriculture.

By Mr. HUNGATE:

H.R. 16396. A bill to amend the act of June 27, 1960 (74 Stat. 220), relating to the preservation of historical and archeological data; to the Committee on Interior and Insular Affairs.

By Mr. KING:

H.R. 16397. A bill to amend the Internal Revenue Code of 1954 to exempt from income tax interest on deposits in financial institutions; to the Committee on Ways and Means.

By Mr. KLEPPE:

H.R. 16398. A bill to amend the act of June 27, 1960 (74 Stat. 220), relating to the preservation of historical and archeological data; to the Committee on Interior and Insular Affairs.

H.R. 16399. A bill to amend the Interstate Commerce Act in order to give the Interstate Commerce Commission additional authority to alleviate freight car shortages, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KYROS:

H.R. 16400. A bill to amend the Public Health Service Act to provide for the making of grants to medical schools and hospitals to assist them in establishing special departments and programs in the field of family practice, and otherwise to encourage and promote the training of medical and paramedical personnel in the field of family medicine; to the Committee on Interstate and Foreign Commerce.

By Mr. LOWENSTEIN:

H.R. 16401. A bill to amend the Omnibus

Crime Control and Safe Streets Act of 1968, to improve the judicial administration of State criminal courts, and for other purposes; to the Committee on the Judiciary.

By Mr. McCULLOCH:

H.R. 16402. A bill to include certain officers and employees of the Department of Labor within the provisions of sections 111 and 1114 of title 18 of the United States Code relating to assaults and homicides; to the Committee on the Judiciary.

By Mr. McFALL:

H.R. 16403. A bill to prohibit equity participation financing by financial institutions and certain other lenders; to the Committee on Banking and Currency.

By Mr. MOORHEAD (for himself and Mr. JOHNSON of Pennsylvania):

H.R. 16404. A bill to create a Federal Insurance Guaranty Corporation to protect the American public against certain insurance company insolvencies; to the Committee on Banking and Currency.

By Mr. PERKINS:

H.R. 16405. A bill to amend the Railroad Retirement Act of 1937 to provide a 15-percent increase in annuities and to change the method of computing interest on investments of the railroad retirement accounts; to the Committee on Interstate and Foreign Commerce.

H.R. 16406. A bill to amend the Internal Revenue Code of 1954 to exclude certain miners' pensions from gross income; to the Committee on Ways and Means.

By Mr. QUIE (for himself and Mr. ASHBROOK):

H.R. 16407. A bill to amend section 504(a) of the Labor-Management Reporting and Disclosure Act of 1959 by adding to the list of offenses conviction of which bars the person convicted from holding union office; to the Committee on Education and Labor.

By Mr. ROGERS of Colorado:

H.R. 16408. A bill to amend the joint resolution establishing the American Revolution Bicentennial Commission, as amended; to the Committee on the Judiciary.

By Mr. SAYLOR:

H.R. 16409. A bll to amend title 38 of the United States Code to provide hospital and medical care thereunder with respect to any disability of any veteran of World War I or a period of war thereafter who was a prisoner of war for 180 or more consecutive days; to the Committee on Veterans' Affairs.

By Mr. STAGGERS:

H.R. 16410. A bill to credit certain service rendered by District of Columbia substitute teachers for purposes of civil service retirement; to the Committee on the District of Columbia.

By Mr. STUCKEY:

H.R. 16411. A bill to amend the Interstate Commerce Act, as amended, in order to make unlawful, as unreasonable and unjust discrimination against and an undue burden upon interstate commerce, certain property tax assessments of common and contract carrier property, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TUNNEY:

H.R. 16412. A bill to amend the Omnibus Crime Control and Safe Streets Act to provide grants for the establishment, equipping, and operation of the emergency communication facilities to make the national emergency telephone number 911 available throughout the United States; to the Committee on the Judiciary.

By Mr. UDALL:

H.R. 16413. A bill to amend the Federal Deposit Insurance Act to require insured banks to maintain certain records, to require that certain transactions in United States currency be reported to the Department of the Treasury, and for other purposes; to the Committee on Banking and Currency.

By Mr. WHITEHURST (for himself, Mr. BUCHANAN, Mr. BUTTON, Mr. DERWINSKI, Mr. HALPERN, and Mr. POLLOCK):

H.R. 16414. A bill to be known as the Pollution Abatement Act of 1970, to establish the National Environmental Control Commission as an independent agency of the Government, and to vest in that Commission jurisdiction over enviromental pollution programs; to the Committee on Government Operations.

My Mr. WOLFF:

H.R. 16415. A bill to amend the Internal Revenue Code of 1954 to exempt from income tax interest on certain deposits in thrift institutions; to the Committee on Ways and Means.

By Mr. BURTON of Utah:

H.R. 16416. A bill to reimburse the Ute Tribe of the Uintah and Ouray Reservation for tribal funds that were used to construct, operate, and maintain the Uintah Indian irrigation project, Utah, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CELLER:

H.R. 16417. A bill to amend title 10, United States Code, to broaden the authority of the Secretaries of the military departments to settle certain admiralty claims administratively, and for other purposes; to the Committee on the Judiciary.

By Mr. DINGELL:

H.R. 16418. A bill to amend the Communications Act of 1934 so as to prohibit the broadcasting of pay television programs; to the Committee on Interstate and Foreign Commerce.

By Mr. FISHER:

H.R. 16419. A bill to prohibit the involuntary busing of schoolchildren and to adopt freedom of choice as a national policy; to the Committee on the Judiciary.

By Mr. FREY:

H.R. 16420. A bill to amend title 38 of the United States Code to increase the rates and income limitations relating to payment of pension and parents' dependency and indemnity compensation, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. GIAIMO:

H.R. 16421. A bill to increase the maximum mortgage amount insurable under section 242 of the National Housing Act; to the Committee on Banking and Currency.

By Mr. GIBBONS:

H.R. 16422. A bill to amend the Manpower Development and Training Act of 1962 to provide for training of persons to participate in programs to prevent, abate, or control environmental pollution; to the Committee on Education and Labor.

By Mr. HAYS:

H.R. 16423. A bill to provide that duly authenticated copies of State records relating to the birth of an individual shall be conclusive evidence of certain facts in connection with applications for U.S. passports; to the Committee on Foreign Affairs.

By Mr. LUKENS:

H.R. 16424. A bill to establish an educational assistance program for the children of police officers who died as a result of a disability or disease incurred in line of duty; to the Committee on Education and Labor.

By Mr. MADDEN:

H.R. 16425. A bill to amend title IX of the Public Health Service Act so as to extend and improve the existing program relating to education, research, training, and demonstrations in the fields of heart disease, cancer, stroke, and other major diseases and conditions, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MURPHY of New York:

H.R. 16426. A bill to amend the Community Mental Health Centers Act to provide for the control of the amount of methadone that may be prescribed for administration to any individual in any 48-hour period; to the Committee on Interstate and Foreign Commerce.

H.R. 16427. A bill to require the establishment of marine sanctuaries and to prohibit the depositing of any harmful materials therein; to the Committee on Merchant Marine and Fisheries.

H.R. 16428. A bill to create a rebuttable presumption that a disability of a veteran of any war or certain other military service is service connected under certain circumstances; to the Committee on Veterans' Affairs.

H.R. 16429. A bill to amend title 38, United States Code, to deem veterans who were prisoners of war to have service-connected disabilities; to the Committee on Veterans' Affairs.

By Mr. PERKINS (for himself, Mr. AYRES, Mr. THOMPSON of New Jersey, Mr. QUIE, Mr. O'HARA, Mr. DELLENBACK, Mr. HATHAWAY, Mr. RUTH, Mr. HAWKINS, Mr. PUCINSKI, Mr. STOKES, Mr. ESCH, Mr. CAREY, Mr. CLAY, Mr. BURTON of California, Mrs. HANSEN of Washington, Mr. BOLAND, Mr. GIAIMO, Mr. MOORHEAD, Mr. VANIK, Mr. REIFEL, Mr. PRYOR of Arkansas, and Mr. MAYNE):

H.R. 16430. A bill to amend the National Foundation on the Arts and the Humanities Act of 1965, as amended; to the Committee on Education and Labor.

By Mr. SCHNEEBELI:

H.R. 16431. A bill to amend title 38 of the United States Code to increase the rates and income limitations relating to payment of pension and parents' dependency and indemnity compensation, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 16432. A bill to amend the Internal Revenue Code of 1954 and title II of the Social Security Act to provide a full exemption (through credit or refund) from the employees' tax under the Federal Insurance Contributions Act, and an equivalent reduction in the self-employment tax, in the case of individuals who have attained age 65; to the Committee on Ways and Means.

By Mr. SPRINGER:

H.R. 16433. A bill to amend authority of the Secretary of the Interior under the act of July 19, 1940 (54 Stat. 773), to encourage through the National Park Services travel in the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TAFT:

H.R. 16434. A bill to amend title XVIII of the Social Security Act to provide payment for chiropractors' services under the program of supplementary medical insurance benefits for the aged; to the Committee on Ways and Means.

H.R. 16435. A bill to amend title XVIII of the Social Security Act to provide coverage under the supplementary medical insurance program for the cost of chiropractor's services; to the Committee on Ways and Means.

By Mr. UDALL:

H.R. 16436. A bill to promote and protect the free flow of interstate commerce without unreasonable damage to the environment; to assure that activities which affect interstate commerce will not unreasonably injure environmental rights; to provide a right of action for relief for protection of the environment from unreasonable infringement by activities which affect interstate commerce and to establish the right of all citizens to the protection, preservation, and enhancement of the environment; to the Committee on the Judiciary.

By Mr. ULLMAN:

H.R. 16437. A bill to establish the Hells Canyon National Recreation Area in the States of Idaho and Oregon, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BROTZMAN:

H.J. Res. 1125. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. FLYNT:

H.J. Res. 1126. Joint resolution proposing an amendment to the Constitution of the United States relating to powers reserved to the several States; to the Committee on the Judiciary.

By Mr. GALIFIANAKIS:

H.J. Res. 1127. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. NATCHER:

H.J. Res. 1128. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. SMITH of New York:

H.J. Res. 1129. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. SPRINGER:

H.J. Res. 1130. Joint resolution to establish a Joint Committee on Environment and Technology; to the Committee on Rules.

By Mr. CORMAN:

H. Con. Res. 537. Concurrent resolution providing for the printing as a House document the tributes of the Members of Congress to the service of Chief Justice Earl Warren; to the Committee on House Administration.

By Mr. FULTON of Pennsylvania:

H. Con. Res. 538. Concurrent resolution to request the President to call a Conference on the International Exploration of Space; to the Committee on Foreign Affairs.

By Mr. LOWENSTEIN:

H. Con. Res. 539. Concurrent resolution state of the Federal judiciary address; to the Committee on the Judiciary.

By Mr. McDONALD of Michigan:

H. Con. Res. 540. Concurrent resolution expressing the sense of Congress with respect to freedom of choice and compulsory transportation in connection with public schools; to the Committee on Education and Labor.

By Mr. O'NEILL of Massachusetts:

H. Con. Res. 541. Concurrent resolution to express the sense of the Congress on U.S. involvement in Laos; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BRASCO:

H.R. 16438. A bill for the relief of Lesley Earle Bryan; to the Committee on the Judiciary.

By Mr. CHAPPELL:

H.R. 16439. A bill for the relief of Penelope Nesbitt Wagner; to the Committee on the Judiciary.

By Mrs. MINK:

H.R. 16440. A bill for the relief of Barbara A. Dalkiran; to the Committee on the Judiciary.

By Mr. ROGERS of Florida (by request):

H.R. 16441. A bill for the relief of Michael J. DiRocco; to the Committee on the Judiciary.

By Mr. TEAGUE of California:

H.R. 16442. A bill directing the Administrator of the General Services Administration to convey certain surplus property to the county of Santa Barbara, Calif., for the use of the Boys' Club of Lompoc Valley, Inc.; to the Committee on Government Operations.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

327. By the SPEAKER: A memorial of the Legislature of the State of Mississippi, relative to amending the Constitution of the United States regarding attendance at public schools; to the Committee on the Judiciary.

328. Also, a memorial of the Legislature of the State of Tennessee, relative to amending the Constitution of the United States regarding taxation of interest paid on obligations of the United States, any State, or agency thereof; to the Committee on the Judiciary.

329. By Mr. KUYKENDALL: Memorial of the Legislature of the State of Tennessee, relative to amending the Constitution of the United States regarding the right of citizens to attend the public schools of their choice; to the Committee on the Judiciary.

SENATE—*Wednesday, March 11, 1970*

The Senate met at 9:30 o'clock a.m. and was called to order by Hon. JAMES B. ALLEN, a Senator from the State of Alabama.

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

O Thou, who hast been our dwelling place in all generations, help us to treat this world as our Father's house wherein Thy family dwells. Deliver us from fear of making this earth our home. Give us wisdom this day and every day to create a dwelling where all may come and go with equity and justice. Help us so to order our lives that this Nation and the whole world may be an abode fit for Thy children to dwell in safety and in peace. Let goodness and mercy abide with us here that we may abide with Thee forever.

In Thy holy name we pray. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will read a communication to the Senate.

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 11, 1970.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. JAMES B. ALLEN, a Senator from the State of Alabama, to perform the duties of the Chair during my absence.

RICHARD B. RUSSELL,
President pro tempore.

Mr. ALLEN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, March 10, 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.

ORDER FOR ADJOURNMENT TO TOMORROW AT 10 A.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 10 o'clock tomorrow morning.

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

ORDER FOR RECOGNITION OF SENATOR SCHWEIKER TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that tomorrow, immediately after the prayer, the distinguished Senator from Pennsylvania (Mr. SCHWEIKER) be recognized for not to exceed 30 minutes.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. In accordance with the previous order, the Senator from Ohio (Mr. YOUNG) is recognized for not to exceed 15 minutes.

U.S. SECRET WAR IN LAOS MUST END

Mr. YOUNG of Ohio. Mr. President, President Nixon ended a long administration silence about Laos last Friday by announcing that the United States has 1,040 ground forces in Laos, has lost 400 planes there, and has suffered approximately 300 casualties. That statement is, at best, a very conservative estimate of our involvement in Laos. At worst, it represents a massive effort by officials of the Defense Establishment of the United States to deceive the American people. That deception must not be allowed to continue. It is most unfortunate that President Nixon is escalating and expanding our involvement in a civil war in Vietnam by intensifying our fighting on the ground in Laos and bombing areas in Laos, sometimes 200 miles, and more, from the Ho Chi Minh trail. The Pathet Lao, seeking national liberation in Laos, have been fighting for 20 years, first against the French seeking to maintain their lush Indo-Chinese empire and now against the American CIA and air and